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LECTURE NOTES

for the discipline

«THE TAXATION OF THE ENTERPRISES»

(in english)

(for 4th year full-time students of study 6.030509 «Accounting and Audit»)

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INTRODUCTION

Tax system is the basis of state finances and general fund of monetary resources of the state in all countries of the world. A necessity of tax system existence is stipulated by nature of the state, assignment of which is to execute all social tasks and functions, and also by objectively existent law of cost, existence of commodity-money relations and other factors.

The taxes are at the central place in the system of state finances. Taxes, as a system of economic distributive relations, actually embrace all society, unlike other links of financial system, which have more limited functioning. It is related to the taxes necessity in providing implementation of basic functions of the state, such as: management, defensive, adjusting of economy, and social.

The state uses a tax policy for realization of territorial, internal and inter-branch distribution and redistribution of GDP with the purpose of public production structure perfection and social guarantees to the population providing. In conditions of market relations forming the tax system must provide financial support concerning privatization and demonopolization of economic industries, and providing of population social protection.

Importance of the effective functioning of the tax system for development of state economy stipulates exceptional meaningfulness of "Taxation of Enterprises" course studying by students of economic specialties of higher educational establishments for further application of theoretical knowledge and practical skills in professional activity.

THEME 1

Tax essence

Determination of tax essence has two aspects such as sociological and pragmatic. In the sociological value taxes are financial basis of society existence. The pragmatic aspect of tax essence is represented in laws of taxation.

According to the Internal Revenue Code tax is obligatory and unconditional payment to the budget of the proper level that is produced from the payers of tax in accordance with this Code.

Toll is obligatory payment to the budget of the proper level that is produced from the payers of tolls with the purpose of receipt benefits by them.

State objective funds are funds which are created in accordance with the laws of Ukraine and formed due to taxes and tolls (obligatory payments) of legal entities and physical persons.

Complex of national and local taxes and tolls (obligatory payments) to the budgets and to the state objective funds which are produced according to the Internal Revenue Code make the system of taxation.

During establishment of tax it's necessary to determine following elements: payers of tax object of taxation base of taxation, rate of tax, order of tax calculation tax period term and order of tax payment term and order of report presentation of tax calculation and tax payment. Exemption can be set during establishment of tax.

There are national and local taxes and tolls in Ukraine. National taxes and tolls are obligatory payment for all territory of Ukraine.

Local taxes and tolls are set according to the list and within the limits of maximum sizes of rates by the decisions of village, settlement and city soviets and they are obligatory payments for territory of the proper territorial societies.

National taxes conclude a profit tax; a tax of physical persons income; value added tax; toll for the first registration of transport vehicle; ecological tax; rent paying for transporting of oil; rent paying for oil, natural gas and gas runback, that obtained in Ukraine; toll for using the bowels of the earth; rent; toll for using the radio frequency resource of Ukraine; toll for the special use of water; toll for the special use of forest resources; an agricultural fixed tax; toll for development of viticulture, gardening and hopgrowing; duty; collection as a having a special purpose raise to the operating tariff on electric and thermal energy, except for electric power, mine-out the skilled kogeneraciynimi settings; collection as a having a special purpose raise to the operating tariff on natural gas.

Local taxes include tax property, united tax.

Local tolls include toll for realization of some types of entrepreneurial activity, toll for places for park transport vehicles; tourist collection.

THEME 2

Tax functions. Principles of taxation

Taxes are used to finance government services and activities. Governments at all levels—local, state, and national—require people and businesses to pay taxes. Governments use the tax revenue to pay the cost of police and fire protection, health programs, schools, roads, national defense, and many other public services. They are the basic source of the state budgets profits in the modern developed countries. The general level of taxes has varied through the years, depending on the role of the government. In modern times, many governments have rapidly expanded their roles and taken on new responsibilities. As a result, their need for tax revenue has become great. Through the years, people have frequently protested against tax increases. In these situations, taxpayers have favored keeping services at current levels or reducing them. Taxes are used also as a mean of state interference into the process of public production, scientific development and technical progress. The state regulates an economy by a tax mechanism.

Tax mechanism is the aggregate of legal forms and methods of management activity in relation to methodology of taxes calculation, penalty of taxes, and realization of tax discipline control. One of the tax adjusting instruments is a tax deductions such as exception, discounts and tax credit.

Exception is a situation when some taxation objects are eliminated under taxation. Exceptions are used when the state is interested in financing some kinds of economic activity and takes some part of profit or other income for this.

Discounts are form of tax deductions connected with taxpayer expenses.

Tax credit is a form of tax deductions when the tax object is accrued tax amount but not incomes or expenses of taxpayers. This deduction is used as reducing tax amount, reducing tax rate or payments delaying to the budgets.

The tax legislation of Ukraine is based on the following principles:

1) the taxation universality (everyone who is a taxpayer in relation with the adopted laws has to pay taxes and tolls)

2) the all payers equality according to the law, prevention of any tax discrimination manifestations. It means equal approach to all taxpayers regardless of social, racial, national, religious affiliation, the form of the legal person property, the citizenship of the physical person or the location of payers.

3) irreversibility of responsibility in case of legislation infringement

4) presumption of the taxpayer decisions legitimacy if different laws or other regulatory legal acts give ambiguous treatment of the rights and obligations of payers and control authorities

5) fiscal sufficiency means taxes and tax collections are established taking into account equation of budget incomes and expenses

6) social justice means taxes and tax collections are established according to solvency of taxpayers

7) profitability of the taxation means receipts of taxes and tax collections establishment exceeds their administration expenses

8) stability means changes of any tax and tax collection elements can't be brought later, than for six months from the beginning of fiscal year in which new rules will operate. Taxes and tax collections, their rates, and also tax deductions can't change within a fiscal year

9) uniformity and convenience of tax payment means terms of tax and tax collection payment are established according to the necessity of timely receipt of income budget for realization expenses and convenience of their payment by payers

10) the unique approach for tax and collection establishment is determination of all obligatory tax elements at legislative level.

THEME 3

Classification of taxation objects

Totality of **taxation objects** may be divided as follows:

1. Revenue (profit, wages).
2. Property (real estate, luxury items, etc.).
3. Transfer of property (inheritance, donation, sales transactions).
4. Consumption (consumer goods and services).
5. Import and export of goods abroad.

Depending on the signs of groups taxes are classified as follows:

1. **By correlation of tax rate and income:** proportional, progressive, regressive and extraordinary.

Fixed tax rate, regardless of the income level, is typical for the proportional tax (profit tax).

The tax is progressive, if tax rates growth according to income increase (tax on individuals' income).

Regressive tax is characterized by decrease in the average tax rate reasonably to income increase. For example, if part of income is deposited into savings, the value added tax is regressive, as the share of income to pay the tax in the price of consumer goods will decrease relative to total income.

Extraordinary taxes are set in special situations: war, natural disasters, etc. (fee to the Fund for the implementation of measures to eliminate the consequences of the Chernobyl disaster and social protection).

2. **By level of fiscal management:** national and local.

According to the Tax Code national taxes and fees (mandatory payments):

- income tax;
- tax on individuals' income;
- Value Added Tax;
- excise tax;
- fee for the first registration of the vehicle;
- environmental tax;
- rent for transportation of oil and oil products by oil pipelines and oil product pipelines, pipeline transit of natural gas and ammonia through the territory of Ukraine;

- fee for use of mineral resources;
- land tax;
- fee for the use of radio frequency resource of Ukraine;
- fee for special use of water;
- fee for special use forest resources;
- fixed agricultural tax;
- fee for the development of viticulture, horticulture and hop growing;
- duty;
- fee as a surcharge to the current tariff for electricity and heat, except electricity generated by qualified cogeneration system;
- fee as a surcharge to the existing natural gas tariff for consumers of all forms of ownership.

Local taxes include:

- tax on real property other than land;
- single tax.

Local fees include:

- fee for certain types of business;
- fee for parking vehicles;
- tourist fee.

Depending on the economic impact on taxpayers taxes are divided on direct and indirect. The basis of tax distribution on direct and indirect is the theoretical possibility of their relaying on consumer of goods (works, services).

Payers of direct taxes are those legal entities or individuals, who receive income (profits, wages), have the property.

Indirect tax payers, according to State legislation, are entities which sell goods (works, services). They are responsible for the timely payment of tax. But the actual payer (carrier of tax) is a person who consumes goods (works, services) pays the price, which includes tax (VAT , excise duties).

3. By the subjects of taxation: taxes for legal entities and taxes for individuals.

THEME 4

Sources and methods of tax payment

Sources of taxes and tax payments are income of the taxpayer, including applicable taxes and paid fees, that is, the thing, which is levied by tax. The source can be directly related to taxable (such as taxable direct income - income tax and the object of the same source), and may not apply to the tax object (such as a tax on vehicles is calculated from volume of car cylinder and paid from income). Formation of tax sources is associated with the production and distribution of national income. By the distribution of national income produced payroll is formed and net income of the company, which are the sources of taxes. There are four types of income: rent, interest, wages and entrepreneurial income.

Rent is a profit of entities, receipt of which is not caused by factors beyond the control of their activities. This income is usually brought by such factor of production

as land, including all its natural resources (forests, water resources, mineral deposits, etc.). Sources of rents creation varies. For example, in the mining industry rents is created in enterprises that are located in more favorable conditions of production (less depth and put more thicker layer, a proximity consumers and others), that allow obtaining lower cost compared to similar companies that are in worse conditions. Rent, which an entity receives as income is brought by it to the budget in the form of payment.

Percentage is a return on invested capital or invested resources (means of production, etc.). This income can be received by both legal entities and individuals. Thus, it can be a source of payment of both direct and indirect taxes.

Salary, this is income that is paid to employees for use of their labor. It is the part of the national income that goes to private consumption. This income may be paid as a source of direct taxes (income tax) and indirect (VAT, excise duties).

There are three main ways to pay taxes:

1. Cadastral is a way of tax payment, which is based on the transfer of amount determined in accordance with the scale that is based on some form of property tax levied on the basis of external signs of alleged high yield assets. It is used in the calculation and collection of direct real taxes. In this method cadastre is used as a list of the most common objects of taxation, which are classified according to certain characteristics and determine the average profitability of the object of taxation. There are two types of cadastres based on taxable items - industrial and agrarian.

If you pay tax fixed terms of their contribution are set. Cadastral method is characterized by the use of some specific method for cadastral valuation of land, preparation of land inventories. Profitability of land is the base of the method, which allows determining the following types of cadastres:

a) parcel (characterizing land, which are divided into two parts with different income levels and method of use (forest, meadow, pasture, arable land), respectively – taxation);

b) real (characterizes the land as an object of taxation in general, without allocation of land for different types depending on usage). When collecting poll tax rules for inventory list in a certain area, but due to changes in the physical condition of the property and its value cadastre is periodically refined (actualized).

2. Declarative is a way of taxpayer obligation to pay tax on the basis of the tax authorities an official statement (declaration) of the income for the tax period and on its tax obligations. Based on this statement the tax authority calculates tax and requires the taxpayer to list it after the message. The use of declarative method does not exclude in phased introduction of tax amounts in the form of advance payments. In this case, the final declaration presentation is made by the taxpayer; the control action is also given to the taxpayer. Advance tax payment is a way of paying tax in which the amount allocated in the budget shall be paid in the prescribed manner before the due date for tax.

Previous (advanced) is used mainly for clearing and maintenance of taxes levied on revenue. There are a source of passive income and active income sources. Passive income sources are those assets, which generate income to a person. In this

case, the source must be expressed in some form - in the form of property, securities, etc. Active source of income is the direct execution of works, services etc.

The tax is deducted by the taxpayer at the moment of cash payment to the recipient and thus automatically transferred to the budget before revenue transfer. This way is called advanced because the transfer of tax is carried out before obtaining income that is taxpayer as if advances the state.

Procedure of tax payment means the ways of making by the taxpayer or tax agent payments of tax to the budget. When paying tax payer should know:

- area of payment (to the state or local government);
- means of tax payment (in UAH);
- mechanism of payment (in cash or bank transfer on line, natural);
- basis of payment (payment of tax or duty);
- features of tax control.

THEME 5

Community charges and fees

Normative base, list of community charges and payers

Internal revenue code of Ukraine from 23.12.2010 N 2856-VI Law of Ukraine from 04.11.11 № 4014-VI “On making alteration in Internal revenue code of Ukraine and some other legislative acts of Ukraine according to simplified system of taxation, account and accounting”

Decree of President of Ukraine from 03.07.1998 № 727/98 “about simplified system of taxation, account and accounting of subject of small enterprise”

Order of STA of Ukraine from 29.10.99 № 599 “about assertion of Certificate of payment of the united tax and Order of its delivery”

Community charges consist of :

- a tax property, different from lot land;
- united tax.

Community collections consist of:

- collection for realization of some types of entrepreneurial activity;
- collection for places for park transport vehicles;
- tourist collection.

Payers of community charges are legal persons as well as physical persons who has objects of taxation means use services which are imposed a tax.

Difference between tax for property and lot of land

The payers of tax are physical and legal persons, and non residents who are the proprietors of objects of the housing real estate. In the case of stay of objects of the housing real estate in common partial or general compatible property of a few persons the payers of tax are determined as follows:

a) if object of the housing real estate is in common partial property of a few persons, the payer of tax is each of these persons for the proper its part;

b) if object of the housing real estate is in common compatible property of a few persons, but not part in nature, the payer of tax is one of such persons-proprietors, certain after their consent, if other is not set a court;

c) if object of the housing real estate is in common compatible property of a few persons and part between them in nature, the payer of tax is each of these persons for the proper it part.

Object of taxation is an object of the housing real estate.

There is not object of taxation: objects of the housing real estate, which are in the proper of the state or territorial societies (them to common property); objects of the housing real estate, what alienations located in areas and absolute (obligatory) settling out, certain a law; buildings of child's houses of domestic type; garden or summer residence house, but no more one such object on one payer of tax; objects of the housing real estate, which belong having many children families and receiving families, in which three is educated and more children, but no more one such object on family; dormitories.

The base of taxation is a dwelling-place of object of the housing real estate. In the case of presence for the payer of tax a few objects of taxation the base of taxation is calculated separately after each of such objects.

Privileges are from payment of tax: Base of taxation of object of the housing real estate, which the proper of physical person - payer of tax has, diminishes: for an apartment - on 120 sq. meters; for a dwelling-house - on 250 sq. meters. Such diminishing is given one time for base tax (current) period and used to object of the housing real estate in which a physical person is a payer of tax incorporated in the order set a law, or after the choice of such payer to any other object of the housing real estate, which is in his proper.

The rates of tax are set a village, settlement or city soviet in such sizes after 1 apt. meter of dwelling-place of object of the housing real estate: for apartments the dwelling-place of which does not exceed 240 sq., and for dwelling-houses the dwelling-place of which does not exceed meters 500 sq. meters the rate of tax is 1 percent of size of minimum wage, set a law on January, 1 of financial (tax) year; for apartments, the dwelling-place of which exceeds 240 sq. meters, and dwelling-houses the dwelling-place of which exceeds 500 sq. meters, the rate of tax makes a 2,7 percent of size of minimum wage, set a law on January, 1 of financial (tax) year.

A base tax (current) period equals a calendar year. Tax obligation for a financial year from a tax paid: by physical persons - during 60 days from the day of handing of tax report-decision; by legal entities - advance payments quarterly a to 30th of month which comes after a current quarter, which are represented in an annual tax return.

THEME 6

United tax

The simplified system of taxation, account and accounting, is the special mechanism of production of taxes and collections, that sets replacement of payment of separate taxes and collections, set Code, in satisfaction of the united tax with the conduct of the simplified account and accounting.

Economic agents, which apply the simplified system of taxation, account and accounting, are divided into such groups of payers of the united tax:

Groups of payers of the united tax

	1 group	2 group	3 group	4 group
Payers	physical persons - businessmen	physical persons - businessmen	physical persons - businessmen	legal entities - subjects manage any legal form
Possibility of the use of the hired workers	Can not use	Not more than 10 persons simultaneously	Not more than 20 persons simultaneously	Not more than 50 persons
Tax period covered and terms of presentation of declaration	Calendar year. Presentation of declaration – 60 calendar days, followings after a period covered.	Calendar quarter. Presentation of declaration – 40 calendar days followings after a period covered.		
A maximum volume of income is for a year	150 000,00 UAH	1 000 000,00 UAH	3 000 000 UAH	5 000 000 UAH
Rate of the united tax	From 1 to 10 percents of size of minimum wage	From 2 to 20 percents of size of minimum wage	For the payers of VAT – 3% from a profit. For the defaulters of VAT – 5% from a profit.	For the payers of VAT – 3% from a profit. For the defaulters of VAT – 5% from a profit.
Order of payment of the united tax	Advance payments are not later than a 20 number (inclusive) of current month. It is possible to pay in advance for throughout the year		During 10 calendar days after the maximum term of presentation of tax return for a tax quarter.	
A right is on the certificate of payer of VAT	Have no rights	Have no rights	Have a right in the case of electing of rate 3% and if answer the criteria of p.181.1 of PKU	
Types of activity	- a retail of commodities is from trading posts on	- grant of services, including domestic, to	Be what kinds, except for forbidden for the simplified system. Be what kinds, except for forbidden for the simplified	

	markets. and/or is economic activity from the grant of domestic services a population.	the payers of the united tax and/or population. - production and/or sale of commodities. - activity in the field of restaurant economy.	system.	
Taking of charges in the complement of gross for the payers of income tax	Does not belong	Services do not belong. Commodities belong.	Belong	
Conduct of account	Book of record of profits	Book of record of profits	For the defaulters of VAT is a book of record of profits. For the payers of VAT is accounting of incomes and charges after a form and in an order, set Ministry of finance.	Conduct the simplified accounting of incomes and charges in accordance with the requirements of Code

It can not be the payers of the united tax: subjects manage (legal entities and physical persons - businessmen) which carry out: activity is from organization, lead through of reckless games; exchange of foreign currency; production, export, import, sale of under actioned commodities (except for the retail of combustible lubricating materials in capacities to 20 litres and to activity of physical persons, connected with the retail of beer and Wiens); booty, production, realization of precious metals and jewels, including organogenned appearance; booty, realization of minerals; activity in the field of financial mediation, except for activity in the field of insurance, which is carried out insurance agents, certain Law of Ukraine "On insurance"; activity is from a management enterprises; activity from the grant of services of mail and connection; activity on the sale of the articles of art and antiques; activity from organization of auctions (auctions) by the wares of art, articles of

collectioning or antiques; activity is from organization, lead through of tour measures; physical persons - businessmen who carry out and researches, activity in the field of audit; other in accordance with an item 291.

The payers of the united tax must carry out calculations for the shipped commodities (executed works, given services) exceptionally in a money form (to available and/or cashless).

The payers of the united tax rid of duty extra charge, payment and presentation of the tax accounting, from such taxes and collections:

- to the income tax enterprises;
- to the tax on the profits of physical persons in part of profits (object of taxation) which are got as a result of economic activity of physical person and taxable in obedience to it by a head;
- -to the tax value-added from operations from the supply of commodities, works and services, place of supply of which it is located on custom territory of Ukraine, except for a tax value-added, which is paid physical persons and legal entities, which chosen the rate of the united tax, certain the subitem of a 1 point of a 293.3 article 293 of this Code;
- land-tax, except for land-tax for lot lands which are not used by them for realization of economic activity;
- -to collection for realization of some types of entrepreneurial activity;
- -to collection on development of viticulture, gardening and hopgrowing.

THEME 7

Fee for places of transport vehicles parking

The payers of fee are legal entities, their branches (separations, representative offices), physical persons are businessmen which in obedience to a decision a village, settlement or city soviet organize and carry out activity from providing of parking of transport vehicles on grounds for requiring payment park and specially taken parking places.

Object of taxation is lot of land, which in obedience to a decision a village, settlement or city soviet is specially taken for providing of parking of transport vehicles on the highways of the general use, sidewalks or other places, and also communal garages, stands, parkings (houses, buildings, their parts) which are built due to the money of local budget, except for the area of lot land, which is taken for free park transport vehicles, foreseen the article of a 30 Law of Ukraine "About bases of social protected of invalids in Ukraine".

The base of taxation is an area of lot land, taken for park, and also area of communal garages, stands, parkings (houses, buildings, their parts) which are built due to the money of local budget.

The rates of fee are set for every day of realization of activity from providing of parking of transport vehicles in UAH for a 1 square meter of area of lot land, taken for organization and realization of such activity, in a size there is a from 0,03 to 0,15 percent of minimum wage, set a law on January, 1 of tax (current) year.

Fee is paid to the local budgets advance payments to 30th (inclusive) each month (in February to 28 (29) inclusive) after the mestome of location of the specially taken place for park transport vehicles. The final sum of collection, calculated in accordance with a tax return for a tax (current) quarter (taking into account the actually brought in advance payments), is paid in terms, certain for a quarterly tax period.

A base tax (current) period equals a calendar quarter.

THEME 8

Fee for realization of some types of entrepreneurial activity

The payers of fee is a subjects manage (legal entities and physical persons - businessmen), them subsections which get in accordance with established procedure point-of-sale patents and carry out such types of entrepreneurial activity are separated:

- a) point-of-sale activity is in the points of sale of commodities;
- b) activity is from the grant of requiring payment domestic services after a list, certain Cabinet Ukraine;
- c) trading in currency values is in the points of exchange of foreign currency;
- d) activity is in the field of entertainments (except for the leadthrough of state money lotteries).

The following subjects are not the payers of fee for realization of point-of-sale activity and activity from the grant of requiring payment services: pharmacies which are in a public and communal domain; physical persons - businessmen who carry out point-of-sale activity within the limits of markets of all patterns of ownership; physical persons - businessmen who carry out the sale of grown in the personal subsidiary economy, on the small, summer residence, garden and garden holdings of products of plant-grower and stock-raising, live-stock and bird; physical persons - businessmen who pay a state duty for the notarial certification of agreements about own fraudulent alienation, if the commodities of every separate category are alienated more not frequent once on a calendar year; subjects menages which carry out point-of-sale activity exceptionally with the use of such types of commodities of domestic production: bread and bakegoodss; flour a wheat and rye; salt, sugar, butter a sunflower and corn; milk and suckling products, except for milk and creams spissated with admixtures and without them; child's food stuffs; soft drinks; ice-cream; beef and pork; poultry; eggs; fish; berries and fruit; honey and other products of beekeeping, inventory for bee-keepers and facilities of defence of bees; potato and fruit and vegetable products; the mixed fodder is for a sale a population; from service exceptionally of workers of such enterprises, establishments and organizations, and also students and students, in educational establishments; other cases, foreseen the article 267.1.2 of Internal revenue Code.

The fee for realization of activity in the field of entertainments is not paid by subjects, who carry out computer- and videogames.

The rate of fee for realization of point-of-sale activity and activity from the grant of requiring payment services is set village, settlement and city soviets (farther in this point - by the organs of local self-government) calculating on a calendar month in the proper size from a minimum wage, set a law on January, 1 of calendar year taking into account the location of point of sale of commodities and range of goods, point, from the grant of requiring payment services and type of requiring payment services.

For realization of the transferred types of entrepreneurial activity of subjects manage gives to the organ of government tax service after the mestome of payment of collection request on acquisition of point-of-sale patent.

Terms of payment of fee:

a) for realization of point-of-sale activity with acquisition of short-term point-of-sale patent - not later as one calendar day prior to beginning of realization of such activity;

b) for realization of point-of-sale activity (except for point-of-sale activity with acquisition of short-term point-of-sale patent), activity, from the grant of requiring payment services, realization of trading in currency values, - monthly not later than a 15 number, which is preceded a current month;

c) for realization of activity in the field of entertainments - quarterly not later than a 15 number of month which is preceded a current quarter.

THEME 9
Tourist fee

The payers of fee are citizens of Ukraine, foreigners, and also persons without citizenship, which arrive on territory of administrative-territorial unit, on which the decision of village, settlement and city soviet operates about establishment of tourist collection, and get (consume) services in the temporal dwelling (spending the night) from obligation to leave the place of stay in the noted term.

The payers of fee can not be persons which: live constantly, including subject to conditions agreements of hiring, in a village, settlement or city, advices of which are set such collection; persons which arrived in a business trip; invalids, children-invalids and persons which accompany the invalids of I of group or children-invalids (no more one accompanying); war veterans; participants of liquidation of consequences of failure are on Chernobil AES; persons who arrived after tours and courses in sanatoriums and resort hotels.

A rate is set in a size a from 0,5 to 1 percent to the base of production of collection.

The base of production is a cost of all period of dwelling (spending the night) in the above-stated places, certain instead of tax value-added. To the cost, dwellings are not included charges on a feed or domestic services (washable, cleaning, repair and ironing of clothes, shoe or linen), telephone bills, registrations of extern passports, permissions, on entering (visas), obligative insurance, charges on verbal

and writing translations, other documentarily designed charges, connected with the rules of entering.

Tax agents: administration of hotels, campsites, motels, dormitories, is for visitors and other establishments of hotel type, sanatorium-resort establishments; apartment-intermediary organizations, which send the unorganized persons to the settlement in houses (apartments) which belong to the physical persons on the right of ownership or on the right uses by agreement of hiring; legal entities or physical persons are businessmen, which are authorised a village, settlement or city soviet to produce collection subject to conditions of agreement, celled with the proper advice.

Fee is paid to the local budgets advance payments a to 30 number (inclusive) each month (in February to 28 (29) inclusive). Sums of the charged extra monthly advance payments is represented in a quarterly tax return. The final sum of collection, calculated in accordance with a tax return for a current (tax) quarter (taking into account the actually brought in advance payments), is paid in terms, certain for a quarterly tax period.

THEME 10

Fee for certain types of business

Fee for certain types of business is an amount of money paid for the acquisition and use of trade patent.

Trade licence is a state certificate with limited term for a certain type of business, the use of which involves timely payment of appropriate fee to the budget.

Fee payers are entities (legal entities and individuals), their affiliates, which receive trade licences, according to Clause 267of Tax Code, and carry out the following business:

1. Trading activity in places of selling goods.

Trading activity is retail and wholesale trade, trade in manufacturing sphere (restaurants) for cash, other assets and cash payments using payment cards. Place of selling goods is:

- shop, another outlet, located in a separate room, building or part of thereof, and have trade room for buyers or use its part for trade;
- kiosk, tent, another small architectural form, which is located in a separate room but has no built commercial space for buyers;
- car-dealer's, conveying , another kind of mobile distribution network;
- tray, counter, another type of retail outlet in the designated place for trading activities, except trays and shelves, which are leased by individuals and are located within specialized enterprises of trade – markets of all types of property;
- stationary, small and mobile filling station, filling station, which trades petroleum products, liquefied and compressed gas;
- mechanized canteen, harvesting factory, dining room, restaurant, cafe, snack bar, bar, refreshment room, outdoor patio, kiosk, other restaurants places;
- wholesale warehouse, warehouse store, and other facilities used for wholesale by cash and other cash means of payment, or using payment cards.

2. Activities of paid consumer services providing according to the list determined by the Cabinet of Ministers of Ukraine.

Paid services is activity related to provision of consumer services to meet individual customer needs for cash, and using other forms of payment, including credit cards. Cabinet of Ministers of Ukraine determines the list of paid services for which trade licence must be acquired. Patenting subjects are the following:

- manufacturing of all kinds of covers, canopies, tents, etc.; curtains, window shades, draperies;
- construction of housing for individual orders;
- maintenance and repair of motor vehicles, motorcycles, scooters and mopeds customized;
- repair of radio and other audio and video equipment (except structural units located in rural areas);
- replacing clocks' batteries;
- production of metal goods / fences, bars, handrails customized;
- repair of other personal items , household goods , and hardware;
- production of jewelry made of precious metals and stones / wedding rings custom-made;
- exchange of precious metals scrap for previously made jewelry;
- repair of jewelry;
- hire of sports and tourism products, tents, dinghies, ski equipment, rackets, skates, bicycles, hang-gliders, sail boards, water skis;
- hire of vehicles, motorcycles, scooters, mopeds, cars, trucks, trailers for cars and other devices;
- hire of wedding and formal wear, as well as attributes of items;
- services in photographs;
- services of photographs processing;
- services of hairdressing salons (only in the cities of Kyiv and Sevastopol, and regional centers);
- services of recordings duplication customized;
- services of video duplication customized.

3. Trade of currency valuables in currency exchange office.

Currency exchange office is a structural unit, which is opened by bank (financial institution), including offices opened on the basis of agency agreements resident with legal entities, as well as with national post operator, where foreign exchange transactions for individuals - residents and non-residents are performed;

4. Activities in sphere of entertainment (except of public money lotteries).

For carrying out above mentioned types of business entity should submit application to the state tax authority at the place of trade licence payment, issued in accordance with the prescribed form.

Trade licence is granted to individual entrepreneur personally or to authorized recipient on signature within three days term from the date of application form filing. Date of trade licence acquisition is a date specified therein.

Trade licence blank is a document of strict accountability.

In case of trade licence loss or damage its duplicate is issued to fee payer.

Entities, which do not pay the fee for conducting trading activity and operations of paid services, are the following:

- a) chemist's, owned by the state or municipal property;
- b) enterprises and organizations of consumer cooperatives, trade and industrial state enterprises of working supply located in villages, towns and cities of regional importance;
- c) individuals – entrepreneurs, who conduct trading activity within the markets of all forms of ownership;
- d) individuals – entrepreneurs, who sell production grown on their own farms and gardens, crop production and animal husbandry, livestock and poultry (in live form, as well as products in raw form and in the form of primary processing), bee products of their own;
- e) individuals – entrepreneurs, who pay state duty for notarial certificate of contracts on alienation of own property, if each category of goods is alienated not more than once per calendar year;
- f) entities, formed by public organizations of disabled persons, who have tax benefits according to the law and trade exclusively in food products of domestic production and products made on enterprises “Ukrainian Society of Blind Men”, “Ukrainian Society of Deaf Men”, as well as individuals – disabled persons, registered as entrepreneurs according to the law;
- g) entities, that conduct trading activity with the use of such types of domestic products as: bread and bakery products; wheat and rye flour; salt, sugar, sunflower and corn oil; milk and dairy products, except milk and cream with condensed additives and without them, baby food; soft drinks; ice cream; beef and pork; poultry; eggs; fish; berries and fruits; honey and other bee products, equipment for beekeeping and means of bees protection; potatoes and horticultural products; mixed fodder for sale to public;
- h) entities, that sell products of own production to individuals who are in employment relationships with them, through goods sale places, embedded in production and administrative premises, which belong to the entity;
- i) entities that carry out activities of public products procurement (harvesting activities), if the subsequent sale of such products is estimated by bank transfer (places of glass, paper for recycling, waste paper, cardboard and rag acceptance; harvesting of agricultural products and processed agricultural products);
- j) enterprises, institutions and organizations that carry out activities in trade and manufacturing sector (restaurant management), including educational institutions, with only maintenance the workers of these enterprises, institutions and organizations, as well as pupils and students in educational authorities.

Entities that carry out computer and video games do not pay the fee for business in entertainment sphere.

For carrying out trading activities preferential short-term trade licence is also foreseen.

Preferential trade licence is a trading licence for trading activities in certain types of goods.

Preferential trade licence is purchased for trading activity in the following goods (**regardless of their country of origin**):

a) everyday goods, foodstuffs, medical products for personal use, technical and other means of rehabilitation through trade institutions formed for this purpose by public organizations of disabled persons;

b) goods of military paraphernalia and everyday use for military on the territory of military units and military educational institutions;

c) seeds and planting material of vegetables, melons, feed and flower crops, fodder root crops and potatoes;

d) matches;

e) thermometers and individual diagnostic devices.

Preferential trade licence is purchased for trading activity in the following **domestics**:

a) postage stamps, postcards, greeting cards and outstanding envelopes, crates, boxes, sacks, bags and other containers made of wood, paper and paperboard, used for posting by enterprises, that are under the control of central executive authority, which carries out state policy in sphere of postal services and accessories thereto;

b) crafts products, except antiques and those of cultural value according to the list approved by the central executive body, which ensure state policy in sphere of culture;

c) finished medicinal products (drugs, medicines, means of care, dressings and other medical supplies), vitamins for population, tampons, other sanitary products made of cellulose or its substitutes, veterinary drugs, medical devices for individual use of disabled persons, technical and other means of disabled persons rehabilitation;

d) toothpastes and powders, cosmetic wipes, baby diapers, toilet paper, laundry soap;

e) coal, coal briquettes, fuel of domestic heating, lighting gas, fuel lump peat, peat briquettes and firewood for sale to the public, liquefied petroleum gas in cylinders, which is implemented to the population in the community for use in residential and / or non-residential buildings;

f) tickets;

g) notebooks.

Preferential trade licence is also purchased for trading activity in periodicals print media of national production, with registration certificates issued in established order, as well as books, brochures, albums, music publications, booklets, posters, cartographic products issued by legal entities – residents of Ukraine. While trading the goods described in this paragraph fee payers can simultaneously sell accompanying goods (regardless of country of their origin): pens, pencils, tools for drawing, brush, palette knives, easels, paints, varnishes, solvents and fixers for drawing and painting, canvas, moldings, frames and stretchers for paintings, folders and other office equipment and office supplies, except made of precious and semi-precious metals.

Short-term trade licence is trading licence for carrying out trading activity, duration of which does not exceed 15 calendar days.

Object of taxation is activity of the entity (its separated subdivision), which is conducted with purchase of trade licence.

The tax **base** is a certain type of business.

Fee rate for conducting of trading activities and operations of paid services rendering is established by village and town councils (local self-government bodies) **per calendar month in appropriate amount from the minimum wage**, established by law on the 1st of January of the calendar year based on the location of place of goods and range of products sale, place of paid services provision and their type.

Fee rate for conducting of trading activities (other than conducting trading activities in oil products, liquefied and compressed gas pistol with the use of fuel-dispensing columns on stationary and mobile small gas stations, fueling points) and operations of paid services rendering is established in the following limits:

- a) in the city of Kyiv and regional centers – from 0,08 to 0,4 minimum wages;
- b) in the city of Sevastopol and cities of regional importance (other than regional centers) and district centers – from 0,04 to 0,2 minimum wages;
- c) in other localities – no more than 0,1 minimum wages.

If the places of goods (services) sale are located in resort areas or in areas adjacent to the customs and other points across the customs border, local self-government bodies, which collect the fee to their budgets, may decide to increase the prescribed fee rate but not more than to 0,4 minimum wages.

Fee rate for conducting trading activities in oil products, liquefied and compressed gas to residential, small and mobile refueling, refueling points is set in the range from 0,08 to 0,4 minimum wages depending on the location of sale points.

Fee rate for currency values trading per calendar month is 1,2 minimum wages.

Fee rate for conducting trading activities with the acquisition of **preferential** trade licence is **0,05** minimum wage annually.

Fee rate for conducting trading activities with the acquisition of **short-term** trade licence for one day is **0,02** minimum wage.

Fee rates are rounded (less than 50 copecks is discarded, and 50 copecks or more is rounded up to one UAH).

Basic tax (reporting) period is:

- calendar month – when trade licence, except short-term trade licence and trade licence for activities in sphere of entertainment, is purchased;
- calendar day – in case of short-term trade licence acquisition;
- calendar quarter – an acquisition of trading licence for activities in sphere of entertainment;
- calendar year – an acquisition of preferential trade licence.

Fee is arranged for payment:

- a) for conducting trading activities with an acquisition of short-term trade licence – not later than **one calendar day prior to the start of such activities proceedings**;

b) for conducting trading activities (other than trading activities with the acquisition of short-term trade patent), activities of paid services providing, and currency trading – **monthly no later than the 15th day preceding the reporting month**;

c) for activities in sphere of entertainment – **on a quarterly basis no later than the 15th day of the month preceding the reporting quarter**;

d) for conducting trading activities with an acquisition of preferential trade licence – **before applying for trade licence**.

Entity pays in an amount of the fee for one month (quarter) at the moment of trade licence buying. An amount of the fee, paid at the moment of trade licence purchase, decreases an amount of fee that is to be paid in the last month (quarter) of its validity.

Fee payers may pay of advance an amount of fee payment before the end of calendar year.

Fee payment is paid by fee payers who:

a) carry out trading activities or provide paid services (except of commercial mobile network) – **at products trading place location** or place of paid services provision;

b) carry out currency trading – **at foreign exchange place location**;

c) carry out activities in entertainment sphere – **at place of services provision** in sphere of entertainment **location**;

d) carry out trade through mobile distribution network – at the **place of taxpayers registration**;

e) carry out trade at fairs, trade exhibitions and other short-term activities, associated with the demonstration and sale of goods – **at the place of such activities conduct**.

Entity, that has ceased its activity, which is liable to patenting according to the Tax Code of Ukraine, should notify relevant state tax authority in writing form before the 15th of the month preceding reporting. This trade licence shall be returned to the state tax authority that has issued it, and over paid fee is returned to the entity.

Duration of preferential trade licence, except short-term trade licence and trade licence for activities in entertainment sphere, is **60 calendar months**.

Duration of short-term trade licence is **from one to fifteen days**.

Duration of licence for activities in entertainment sphere is **eight calendar quarters**.

In case of failure of the entity to make fee within the prescribed period, the effect of the licence is revoked from the first day of the month following the month in which the violation occurred.

Original copy of trade licence should be placed:

- at the front of a shop window, and when it is absent – at the registrar of payment transactions;

- at the front window of small architectural forms;

- on the plate in autoshops, on conveying and other types of mobile distribution network, as well as at trays, shelves and other types of retail outlets opened in designated areas of trade;

- in foreign exchange offices;

- in premises for paid services providing, as well as in areas of entertaining games implementation.

Trade licence should be opened and accessible for inspection.

To prevent damage of trade licence (fading in the sun, damage due to leaking of rainwater, damage by the third parties, etc.) notarized copies of such licences are allowed to be placed in certain places. In this case, the original of the licence should be stored by responsible person of an entity or entities separate unit responsible person, who is obliged to provide it for inspection to legally authorized persons.

Trade licence issued for conducting trading activities using mobile distribution network (auto, conveying, etc.), runs on the territory of Ukraine.

Assignment of trade licence to another entity, or other separate unit of such entity is not permitted.

THEME 11

Indirect taxation

Excise tax

The payers of excise tax are:

- 1) Individual who produces excisable goods at the custom territory of Ukraine
- 2) legal entity who imports under excise tax commodities to the custom territory of Ukraine
- 3) Individual who is resident or nonresident and imports excisable goods to the custom territory of Ukraine in taxable sizes
- 4) the person who sells forfeit excisable goods

The taxation objects are transactions of:

- a) excisable goods selling which are produced in Ukraine
- b) excisable goods selling for the purpose of own consumption, for making contribution to authorized capital and for own employees
- c) excisable goods import to the custom territory of Ukraine
- d) forfeit excisable goods selling.

Transactions which are not the objects of taxation are the following:

- a) excisable goods export from the custom territory of Ukraine
- b) excisable goods import to the custom territory of Ukraine which were earlier exported and were founded to be unsuitable for selling at the custom territory of importer's country. These excisable goods are imported to the custom territory of Ukraine without the purpose of selling.

The main transactions which are tax-exempt:

- selling of the cars for disabled persons and the special-purpose cars the value of which is paid by state or local budget funds
- excisable goods selling which are used as raw materials for production of excisable goods
- individual import of excisable goods to the custom territory of Ukraine in nontaxable sizes

Excisable goods include:

- alcohol, alcoholic beverage and beer

- tobacco goods, tobacco and its substitute
- petroleum products and condensed gas
- cars, their bodies, trailers, motorcycles

The tax rates are common at all territory of Ukraine. They can be ad valorem tax, specific, and ad valorem and specific at the same time. For example:

2203 00	beer of malt	UAH for 1 litre	0,74		
2204 (besides 2204 10, 2204 21 10 00, 2204 29 10 00)	Natural wine	UAH for 1 litre	0,01		
2402 20 90 10	Cigarette without filter	UAH for 1000	43.03	%	20
2402 20 90 20	filter cigarette	UAH for 1000	96.21	%	25
2710 11 31 00	aviation gasoline	Euro for 1000 kilogram	28		

When ad valorem tax rates are established the tax base is the value of sold products which are produced at the custom territory of Ukraine and according to the maximum prices without VAT which are established by the producer; the value of goods which are imported to the custom territory of Ukraine according to the maximum prices without VAT which are established by the importer;

During identifying the tax base calculation of foreign currency conversion is exercised according to official rate of hryvnas to foreign currency that is established by the National Bank of Ukraine at the date of the customs declaration applying.

When specific tax rates are established the tax base is a quantity that is defined as unit of weight, output volume, quantity of products or other natural exponent.

If a rate is set in percents to the turn from the cost of realization, it is at first necessary to define a turn by the calculation of sum of turns after set a producer or importer by the highest retail prices, without the account of value-added tax and excise duties separately on every group of commodity:

$$O = \sum (MP\Upsilon_i - \Pi\Delta B - A3) \times K_i, \quad (1)$$

where O – taxable a tax turn;

$MP\Upsilon_i$ – highest retail price on every type of commodity, declared by a producer or importer;

$\Pi\Delta B$ – there is a sum of tax value-added in composition the highest price;

$A3$ – a sum of excise duties is in composition the highest price;

K_i – amount of commodity in physical units on every type of commodity.

The sum of excise duties is calculated on a formula:

$$A3_1 = \frac{O \times C_1}{100}, \quad (2)$$

$A3_1$ – sum of excise duties after a rate in percents to the turn from the cost of realization;

C_1 – a rate is A3 in percents.

If rate AC set in hard sums, the sum of $A3_2$ settles accounts:
in UAH:

$$\sum A3_2 = \sum K_i \times C_2, \quad (3)$$

where K – amount of the realized commodity;

C_2 – a rate is A3 in UAH.

In euro:

$$\sum A3_2 = \sum K_i \times C_2 \times \text{€}, \quad (4)$$

where € – a course of UAH is to the euro on 1 day of quarter, in which a tax obligation is from excise duties. This course is accepted unchanging during all quarter.

- 1) Sum A3 can be also calculated simultaneously on rates in percents to the turn from a sale and in hard sums from unit of the realized commodity for those commodities which such rates are set for. A sum is determined in this case by addition:

$$A3_3 = A3_1 + A3_2. \quad (5)$$

In the case of import of underactioned commodities:

if a rate is in the fixed sums:

$$\sum A3 = \sum K_i \times C_a \times \text{€}, \quad (6)$$

Where € – it is a course of UAH to the euro upon the date of lead through of custom procedures;

if rate in %:

$$\sum A3 = \frac{(B_M + M) \times C_a}{100}, \quad (7)$$

where B_M – custom cost;

M – import duty.

The date of tax obligation on excisable goods charging is the date of its selling by the person who produces it regardless of the aims and directions of its further application. The date of origin of tax obligation in the case of import of underactioned commodities (to the products) on custom territory of Ukraine is a date of presentation to the custom organ of customs declaration for custom registration or date of extra charge of such tax obligation by a custom organ in certain a legislation cases. At the transmission of underactioned commodities (to the products), mine-out from goods made on commission, the date of origin of tax obligation is a date of their

shipping by a producer a customer or on his errand other person. At the use of underactioned commodities (to the products) for own production necessities the date of origin of tax obligation is a date of their transmission for such use, except for the use for the production of underactioned commodities (to the products).

Reporting period is one calendar month. Tax declaration is submitted in 20 days after reporting month. The taxpayer has to pay tax in 10 days after last day of declaration applying.

Peculiarities of alcoholic beverage taxation

Before receipt nondenaturated ethyl alcohol from excise structure economic player has to pay excise tax or apply the tax bill of credit to the state tax administration. It is a guarantee of obligations discharge for 90 days starting from applying day.

During receipt nondenaturated ethyl alcohol billdrawer enterprise with the member of tax administration make an act of real alcohol quantity and calculation of excise tax.

The corrected sum of tax in the tax bill of exchange is paid partly in the case of acquisition of brands of excise tax in the period of action of such bill of exchange. The tax bill of exchange is considered the liquidated drawer in the case of payment of sum of tax in full and in the term marked in the tax bill of exchange. The sum of tax, which the bill of exchange is paid off on, is determined coming from the actually got amount of alcohol (in obedience to an act) and rates of tax on the prepared products, diminishes on the sum of tax, expected coming from the actually lost amount of alcohol ethyl at transporting and storage, in the process of production of the prepared goods within the limits of norms, ratified in the set order, and also actually returned irreparable shortage.

In case if the tax bill of exchange is foreseen this article not paid off in a certain term, the holder of bill of exchange accomplishes protest of such bill of exchange in non-payment to in compliance with the legislation and applies during one working day from the date of feasance of protest to the bank, which carried out the guarantee of this bill of exchange, with supra protest. Bank-avalist of obligation not later than an operating day which comes after the date of appeal of holder of bill of exchange with supra protest, to retell a sum, marked in this bill of exchange, to the holder of bill of exchange. Partial redemption of tax bill of exchange is forbidden upon termination of term, on what of him is given out.

In case if tax bill of exchange, the term of payment came after which, the next bill of exchange not liquidated, can not be given out such subject.

Winematerials, that realized the enterprises of the second vine making, which use these winematerials for the production of the prepared goods, not imposed a tax. In other cases realization of winematerials is imposed a tax after the rates of tax on vine making products.

In the case of production on custom territory of Ukraine of swizzles and tobacco wares or import of such commodities on custom territory of Ukraine payers of tax of obligation to provide their marking the brands of standard pattern by such

method, that the brand of excise tax was torn during uncorking (opening) of commodity.

A presence of the brand of excise tax of standard pattern glued on in accordance with established procedure on the bottle (to packing) of swizzle and pack (to packing) of tobacco good is one of terms for an import on custom territory of Ukraine and sale of such commodities users, and also confirmations of payment of tax and legality of import of commodities.

The brands of excise tax for the swizzles and tobacco wares produced in Ukraine differ from brands for brought in on custom territory of Ukraine of swizzles and tobacco wares a design and color.

All swizzles are subject marking with content of alcohol of an ethyl over 8,5 percent of volume units. Marking of the swizzles produced in Ukraine with content of alcohol an ethyl from 1,2 to 8,5 percent of volume units is not carried out. Every brand of excise tax on swizzles must have a separate number and denotation about the sum of the prepaid excise tax for unit of marking products, month and year of issue of brand. Every brand of excise tax on tobacco wares must have a separate number and denotation about a quarter and year of issue of brand.

THEME 12 **Value-added tax**

A value-added tax is an indirect tax. It is the premium to a product release price which is consumed by buyers. Products producers pay this raise to the budget but not consumers. They are obligated to levy a full price with the raise and to pay it to the budget at a strictly fixed time.

According to the article №180.1 of Tax Code a value-added taxpayer is:

1. Everybody who provides economic activity and registers on their own will
2. Everybody who is registered or has to be registered as a taxpayer
3. Everybody who imports products to the customs territory of Ukraine in size that is liable to tax
4. Person who registers results of activity by agreement of joint activity without legal entity establishment
5. Person who is a property manager who conducts the separate tax value-added accounting of economic operations, which is connected with the trust managing property

6. Person who provides delivery of forfeit, godsend, treasure that is ownerless

7. Person who is authorized to pay tax of railway service delivery

Person is liable to obligatory registration as a taxpayer when:

1. Sum total of goods or services delivery transactions that is a subject to taxation which is accrued to this person in the course of last twelve months jointly oversize 300 000 hryvnas (without value-added tax)
2. Person who isn't registered as a taxpayer but imports products to the customs territory of Ukraine in size that is liable to tax has to pay tax without registration during customs examination

When the person who provides taxable transactions and isn't taxpayer because these transactions do not oversize 300 000 hryvnas but at the same time they are not less than 50 % of total delivery sum (я думаю лучше так построить эту часть предложения) wants to registered as a taxpayer on his own will he can do this by putting an application.

For registration as a taxpayer on his own will the person has to apply to the state tax administration not later than 20 days before the beginning of tax period in which the person becomes the value-added taxpayer and get the right for tax credit and write out tax bill.

When the person is liable to obligatory registration it has to apply not later than on the 10th day of the next month after month in which he reached extreme sum.

Registration is implemented on the basis of taxpayer application to the state tax administration which gives him «certificate of value-added taxpayer registration» during 10 workings days. Individual number of taxpayer is specified in it and it is used at all his accounting and reporting documents. Only this certificate gives the right to accrue value-added tax composed of product release price.

The taxation objects are:

1. Goods or services provision that has place of delivery in the customs territory of Ukraine including transfer of ownership operations of the collateral objects to the creditor and also financial leasing object transmission to the leaseholder.

2. Goods importation to the customs territory of Ukraine at import or reimportation custom control (for value-added taxation goods delivery from under custom control of free-trade shop, bonded warehouse or special customs zone is equal to import).

3. Goods removal at export or reexport custom control (for value-added taxation goods delivery that are in unqualified call of Ukraine to free-trade shop, bonded warehouse or special customs zone is equal to export).

4. Services delivery of passenger international traffic by railways, motor, sea, river and air transport.

Goods delivery are any transactions which are carried out according to agreements of purchase and sale, barter, deliveries and other civil legal agreements that provide transfer of ownership of such commodities for indemnification regardless of grant terms, and also operations of free commodities delivery and operations of the property transfer by lessor to leaseholder balance or according to the financial leasing contracts or delivery according to other agreements the terms of which provide payment postponements for ownership transfer of such property not later than the date of the last payment.

Transactions of goods giving into charge, trust managing, operating leasing or other agreements that doesn't provide property transfer are not goods delivery.

Services delivery is any transactions of civil legal character of the works using, services provision, provision the right for using commodities or commodities disposing including nonmaterial assets, property objects for indemnification, and also operations of free works using, services providing.

The place of goods delivery:

- a) physical location of goods at the delivery moment except of cases that are provided by items b and c;
- b) the place where the goods are at the moment of its transportation or carriage in case if goods are transported or sent by seller, custom or third party;
- c) the place where collection, installation or placing are provided in case if goods are collected, installed or placed by seller or on his party.

The place of services delivery:

1. The place of physical services provision that connected with movable property specifically:

- a) secondary services in transport activity such as loading, unloading;
- b) services of movable property valuation;
- c) passenger traffic and cargo transportation;
- d) services of repair and other.

2. Physical place of real estate for services that connected with real estate

- a) services of real estate agency;
- b) services of preparation and execution of construction works and other.

3. The place of physical services provision in the region of culture, art, education, science, sport, recreation and other. The place of delivery of this item is the place in which services receiver is registered as an economic player. It's the place of his permanent or privilege residence:

- a) provision of intellectual property right;
- b) advertising services;
- c) consulting, engineering, legal, accounting, audit and other like these;
- d) leasing of movable property;
- e) telecommunicational and other services;
- f) intermediary and forwarding services.

4. The place of services delivery is the place of supplier registration except of foregoing transactions.

Tax base of goods or services delivery is calculated on the assumption of agreed cost but not lower than common price.

Agreed cost include amount of money, material and nonmaterial assets that are transferred for compensation of goods or services value.

When delivery of nonmovable assets takes place specifically independent liquidation, transfer from production to non-production-related asset, transfer to assets for using in non-taxable transactions tax base is calculated on the assumption of book cost at the delivery moment.

Tax rate is established to tax base in the following sizes: 17% and 0%

Zero tax rate is established for goods or services export when it is confirmed by customs declaration.

Transactions that are not taxation object: issue of security, property transfer into charge or operating leasing, charge or payment of interest, property leaving as a deposit, insurance services provision, salary payment, issue or repayment of credit.

Transactions those are tax-exempt: child produce, upbringing and education of children, housing delivery except of their primary delivery, charitable contribution.

The right for tax credit accrues when the following transactions are exercised: goods or services acquisition or making; nonmovable assets acquisition specifically contribution to nominal capital; acquisition of services that are provided by non-resident and the delivery place of which is customs territory of Ukraine; nonmovable assets export according to leasing agreement

When the taxpayer buys commodity or services which are aimed for using in nontaxable operations or for operations that are tax-exempt tax sum paid up in connection with such acquisition don't include to tax credit.

Reporting period is one calendar month or quarter in some cases. Tax declaration is submitted for one month during 20 days after reporting month. The taxpayer has to pay tax singly during 10 days after last day of declaration applying.

The taxpayer has to issue the tax bill with a stamp and signature of authorized person to the customer when he demands it.

The tax bill is issued in duplicate at the day of the seller tax obligation beginnings. Original of tax bill is issued to the customer and its copy is remained at the seller.

Obligatory essential elements of tax invoice:

- a) sequence number of tax invoice;
- b) date of excerpption of tax invoice;
- c) complete or brief name, marked in the regulation documents of legal entity or the last name, name and patronymic physical person, registered as a payer of tax value-added, - salesman of commodities/services;
- d) tax number of payer of tax (salesman and buyer);
- e) location of legal entity - salesman or tax address of physical person - salesman, registered as a payer of tax;
- f) complete or brief name, marked in the regulation documents of legal entity or the last name, name and patronymic physical person, registered as a payer of tax value-added, - buyer (recipient) of commodities/services;
- g) description (nomenclature) of commodities/services and their amount, volume;
- h) a cost of supply is without the account of tax;
- i) a rate of tax and proper sum of tax is in a digital value;
- j) lump sum of facilities which are subject payment taking into account a tax;
- k) type of civil legal agreement.

A form and order of filling of tax invoice become firmly established the central organ of government tax service.

In the case of tax exemption in a tax invoice a record is done "Without VAT" with reference to the proper point and/or Code subitem.

Reasons for tax credit besides tax bill are

- Transport ticket, hotel bill, bill of communication service the cost of which is calculated by figures of assessment equipment if they contain the total sum of payment, the sum of tax and individual tax number of the seller

- cash vouchers if they contains the sum of acquired commodity or services, the sum of accrued tax, fiscal number and individual tax number of the seller. In such ways the total sum of acquired commodity or services can't exceed 200 hryvnas for day (without tax)

- customs declaration for importation commodity

The date of origin of tax obligations from the supply of commodities/services is consider a date, which is on a tax period which any of events is during, that happened before:

a) date of put of money from a buyer/customer on the bank account of payer of tax as payment of commodities/services which are subject a supply, and in the case of supply of commodities/services for cash is a date of income money in the cashdesk of payer of tax, and in the case of absence such is a date of collection of cash on hand in bank establishment which serves the payer of tax;

b) data shipped commodities, and in the case of export of commodities - the date of registration of customs declaration which certifies the fact of crossing of custom border of Ukraine is designed in accordance with the requirements of customs legislation, and for services is a date of processing document, which certifies the fact of supply of services the payer of tax.

The date of origin of tax obligation lessor (leasing giver) for the operations of financial lease (to leasing) is a date of actual transmission of object of financial lease (to leasing) in the use a leaseholder (leasing taker).

By the date of origin of tax obligation in the case of supply of commodities/services with payment due to budgetary facilities there is a date of put of such money on the bank account of payer of tax or date of receipt of the proper indemnification in any other form, including diminishing of debt of such payer of tax after his obligations before a budget.

The date of origin of tax obligations in the case of import of commodities on custom territory of Ukraine is a date of presentation of customs declaration for custom registration.

By the date of origin of tax obligations after operations from the supply of services non residents, the mestome of grant of which is custom territory of Ukraine, there is a date of writing of money from the bank account of payer of tax in payment of services or date of processing document, which certifies the fact of supply of services non resident, depending on that, which from events took place before.

Registration of tax invoices by the payers of tax value-added - in the Unique register of tax invoices inculcated salespeople for the payers of this tax, in which the sum of tax value-added in one tax invoice makes over 10 thousand UAH, - from January, 1, 2012.

A tax invoice in which the sum of tax value-added does not exceed 10 thousand UAH is not subject including to the Unique register of tax invoices.

The sum of tax which is subject payment (to enumeration) in the State budget of Ukraine or budgetary compensation is determined as a difference between the sum of tax obligation (tax) of period covered and sum of tax credit of such (tax) period covered.

At the positive value of such sum, it is subject payment (to enumeration) in a budget. At subzero value – such sum is taken into account in diminishing of tax amount due from a tax which arose up for previous (tax) periods covered, and in the case of absence of tax debt - set off in the complement of tax credit of next (tax) period covered.

If in the following tax period this sum has a subzero value:

a) part of such is subject a budgetary compensation subzero value, which equals the sum of tax, to actually prepaid the recipient of commodities/services in previous tax periods the suppliers of such commodities/services or in the State budget of Ukraine, and in the case of receipt from non resident of services on custom territory of Ukraine - sum of tax obligation, included to the tax return for previous period for the services got from nonresident by the recipient of commodities/services;

b) the remain of subzero value of previous tax periods after a budgetary compensation is included in the complement of sums which behave to the tax credit of next tax period.

Have no authority on the receipt of budgetary compensation persons which:

- were registered as payers of this tax less than for 12 calendar months to month, on results which handed in an application on a budgetary compensation (except for the extra charge of tax credit as a result of acquisition or building (buildings) of capital assets);

- had volumes of taxable a tax operations for the last 12 calendar months less than, than the declared sum of budgetary compensation (except for the extra charge of tax credit as a result of acquisition or building (buildings) of capital assets).

THEME 13 **Direct taxation**

Profit tax

The taxpayers among residents are:

1) legal entities which provide economic activity at the territory of Ukraine and abroad;

2) administration of railway which gets the profit on main activity of rail transport;

3) enterprises of rail transport and their units which get the profit on nonoperating activity;

4) nonprofit organizations which get the profit on nonoperating activity that is taxable.

Taxpayers among nonresidents are:

1) legal entities of any organizational forms which get the income connected with the source of Ukrainian origin;

2) permanent representation of nonresidents which get the income connected with the source of Ukrainian origin;

The tax object is:

a) profit that is connected with the source of Ukrainian origin and abroad and is defined as difference between the incomes of reporting period and cost price of products sold and other expenses of reporting period;

b) nonresident's taxable income connected with the source of Ukrainian origin.

Incomes which are taken into consideration for the tax object calculation include incomes of operating activity and other incomes. Incomes are estimated on the ground of basic documents which confirm acquisition of income by taxpayer. The rules of accounting define obligatoriness of execution and keeping these documents. Amounts reflected as incomes don't include to incomes repeatedly.

Income of operating activity is estimated in sizes of agreed cost but not less then received compensation at any forms. It includes

1) commodities, services and working sales return including compensation of agent;

2) income of the banks that includes interest yields on credit or deposit operations, commission income, profit of transactions with securities, profit of transactions with purchase and sale of foreign currency and bank noble metal and other bank services;

3) other incomes that include

a) incomes in dividends, which are received from nonresidents;

b) incomes of operating leasing;

c) penalties which are received according to the contract or judgment;

d) the value of goods and services which are received free of charge (it is defined in size not lower than common price);

e) non-repayable financial aid and bad account payable;

f) returned financial aid which is received by taxpayer in reporting period and which is not returned at the end of such period if is received from persons which are not payer of this tax or has some facilities. When taxpayer returns this financial aid to the person who grants it he increases his expenses in sizes of such financial aid. In this way incomes of such taxpayer aren't increased to the sum of implicit interests and tax obligations of the person who grants returned financial aid are not changed by its delivery or return. This item is not cover amounts of returned financial aid which is received from founder of this taxpayer (including nonresident) if return of it is realized not later than 365 calendar days from the day of it's receive;

g) amounts of grants, subsidies, capital investments which are received by taxpayer from compulsory state social insurance fund or budget;

h) incomes of non circulating and circulating assets selling ;

i) other incomes of taxpayer for reporting period;

Incomes which are not included when the tax object is estimated: amounts of prepayment for goods, performed work or services provision; amounts of VAT which are received by payer of such tax except of situations when seller is not payer of VAT; means and value of property which are received by taxpayer in direct investment to corporate rights; repayment of earlier unnecessarily paid taxes, received credit and other.

Goods sales return are accrued at the transfer of title date to the customer. Services provision income is accrued at the date of act or other document execution that confirms works execution or services provision.

When the taxpayer produces the goods, provides the services with long-term technological production cycle and contracts made for their production don't provide delivery step-by-step the taxpayer accrues incomes singly according to the extent of works completeness. Such completeness is calculated as specific weight of expenses which are exercised in reporting period at total expected expenses or specific weight of services which are provided in reporting period at total services volume that has to be provided. After transfer of such goods title to the customer executor makes correction of actually received income accrued at prior periods in the course of term of its production.

The date of income acquisition doesn't depend on receipt of funds to the account. The date of income acquisition of credit or deposit transactions is the date of interest admission according to the rules of accounting. Amounts of non-repayable financial aid or goods which are received free of charge are considered as incomes at the date of its real receive or the date of funds receipt to the account. The date of income acquisition of leasing is the date of income charge according to the terms of agreement. The date of income acquisition of foreign currency selling is the date of title transfer for such currency. Penalties are included to the incomes at the date of its real receive. The date of other income acquisition is the date of their accruing according to the rules of accounting.

Expenses which are taken into consideration for the tax object calculation include expenses of operating activity and other expenses.

Expenses of operating activity include

a) cost of sales

b) bank expenses which include interest expenses on credit or deposit operations, commission expenses, negative result of transactions with purchase and sale of foreign currency and bank noble metal and other bank services

Expenses are estimated on the ground of basic documents which confirm expenses by taxpayer. The rules of accounting define obligatoriness of execution and keeping these documents.

Expenses which generate cost of sales are reflected as expenses at the period in which the incomes are reflected. Other expenses are reflected in that period in which they are made taking into account the following: the date of expenses which are accrued as taxes is the last day of reporting tax period; the date of taxpayer expenses on credit or deposit operations is the date of accrued interests according to the rules of accounting.

The cost of produced and sold goods or services consists of expenses which are directly connected with such commodities production specifically direct material expenses, direct personnel costs, amortization of production fixed and nonmaterial assets, the cost of acquired services which take direct part in production process and other direct expenses.

Other expenses include:

common field cost which include expenses for production control, amortization of common field fixed and nonmaterial assets, maintenance costs of fixed assets, expenses for technology development, expenses for heating, lighting, water-supply, disposal, expenses for labour protection, safety engineering and other expenses

administration expenses which include general corporate expenses, expenses for business trip, maintenance costs of administrative fixed assets, payment for consulting, information, audit services needed for economic activity of enterprise, payment for communication services, bank services and other

expenses for sale include expenses connected with commodities and services sale specifying expenses for packaging material, package repair, salary of employees which sale the products, expenses for advertisement and field investigation, maintenance costs of fixed assets connected with sale, expenses for goods transfer and other

other transaction costs include accrued taxes according to the Tax Code, single payment for the state social insurance, penalty

finance expenses include interests for credits, outstanding bond

other expenses of general activity which are not directly connected with production process

Expenses which are not included when the tax object is estimated: expenses which are not connected with economic activity specifying expenses for reception, holidays, rests and distribution of presents, prepayment for goods, works and services, costs for repay a credit, costs for purchase, production, reconstruction and modernization of fixed assets, amounts of profit tax, VAT, taxes for physical persons income which are deducted from payment of such income, expenses for maintenance of authority, dividends, expenses which are not confirmed by calculation, purchasing or other basic documents obligation of execution and keeping of which are determined by accounting rules, value of trade license which is allowed for calculation of tax obligation, penalties, expenses for goods, works or services purchase of physical person registered as entrepreneur who pays union tax (besides physical person who provides activity in the region of informatization).

Peculiarities of admission of twofold purpose expenses

When the tax object is calculated the following twofold purpose expenses are considered:

Taxpayer expenses for working clothes support, personal protection equipment, medical examination,

expenses for vocational training, retraining, advanced training of physical persons if existence of education certificate is necessary and these persons make a contract to work for not less then 3 years after graduating of educational institution

expenses for warranty repair and guarantee replacement of goods if their value isn't compensated by customers

expenses for business trip of employees in sizes of physical expenses for journey to the transfer target and backwards, the costs of residence in the hotel, expenses for meals if these expenses are confirmed by corresponding documents. It isn't allowed to include to expenses the costs of alcoholic beverage and tip. expenses

for business trip include also expenses for personal needs which are not confirmed by documents and not exceed 0.2 of minimum wage if this trip is at the territory of Ukraine and 0.75 of minimum wage for trip abroad.

Expenses of taxpayer include also personnel costs and union contribution for the compulsory state social insurance.

Taxation of operations is with connected persons.

A profit, got the payer of tax from the sale of commodities (implementation of works, grant of services) connected persons, is determined in accordance with the agreed prices, but not less from ordinary prices on such commodities, works, services which operated on the date of such sale, in case if the agreed price on such commodities (works, services) differs more than on 20 percents from an ordinary price on such commodities (works, services).

Charges, borne the payer of tax in connection with acquisition of commodities (works, services) for a connected person, are determined coming from the agreed prices, but not higher than ordinary prices which operated on the date of such acquisition, in case if the agreed price on such commodities (works, services) differs more than on 20 percents from an ordinary price on such commodities (works, services).

The indicated positions spread also on operations with persons, which: it is not the payers of this tax; pay a tax after other rates, than there is a payer of income tax.

The objects of depreciation

Expenses for purchasing of fixed, nonmaterial assets and long term biological assets which are used in economical activity of the entity

Expenses for own production of fixed assets

Expenses for repair, reconstruction, modernization and other improvements of fixed assets which are exceed 10% of cumulative book cost of all groups of fixed assets at the beginning of reporting year

Nonproduction fixed assets are not subject to amortization.

Classification of the fixed assets groups and minimum acceptable terms of their depreciation

groups	acceptable terms of useful utilization
group 1 - land	-
group 2 - capital expenditure for land improvement which are not connected with construction	15
group 3 - buildings	20
installations	15
transmission equipment	10
group 4 - machines and equipments Beside	5
computer , computer programs, uninterruptible power supply , modems, phones, radio stations the value of which are exceed 2500 hryvnas	2
group 5 - transport vehicle	5
group 6 – tooling, devices, inventory (furniture)	4

group 7 - animals	6
group 8 - perennial plants	10
group 9 – other fixed assets	12
group 10 - library facilities	-
group 11 - not valuable non-negotiable material instruments	-
group 12 – temporary installations	5
group 13 - natural resources	-
group 14 - returnable container	6
group 15 - object hire	5
group 16 – long term biological assets	7

The groups of nonmaterial assets for amortization

groups	expiration date of the right to use
group 1 - the right to use natural resources	According to appropriate document
group 2 - the right to use property	According to appropriate document
group 3 - the right for commercial symbol	According to appropriate document
group 4 - the right for objects of industrial property	According to appropriate document but not less than 5 years
group 5 - copyright and allied to these rights (the rights for literary works, art and music works, computer programs)	According to appropriate document but not less than 2 years
group 6 – other nonmaterial assets	According to appropriate document

Depreciation charge is implemented for the term of the right to use the object which is established by order of enterprise when this object is entered to the balance of enterprise. Depreciation charge is implemented by the method which is identified in the account policy of enterprise.

Depreciation of the fixed assets is counted with application of such methods:

1) rectilinear, after which the annual sum of depreciation is determined the division of cost which is amortized, on the term of the useful use of object of the fixed assets;

2) diminishing of remaining cost, after which the annual sum of depreciation is determined as work of remaining cost of object on beginning of financial year or primitive cost upon the date of beginning of charging and annual rate of depreciation amortization. The annual rate of depreciation (in percents) is calculated as a difference between unit and result of root of degree of amount of years of the useful use of object from a result from dividing of liquidating value of object by his primitive cost;

3) speed-up diminishing of remaining cost, after which the annual sum of depreciation is determined as work of remaining cost of object on beginning of financial year or primitive cost upon the date of beginning of charging and annual rate of depreciation, which is calculated in accordance with the term of the useful use of object and doubled, amortization.

The method of the speed-up diminishing of remaining cost is used only at charging to objects of the fixed assets which are included in groups 4 (machines and equipments) and 5 amortization (transport vehicles);

4) cumulative, after which the annual sum of depreciation is determined as work of cost which is amortized, and cumulative coefficient. A cumulative coefficient settles accounts the division of amount of years which remain to the end of term of the useful use of object of the fixed assets, to the amount of numbers of years of him the useful use;

5) production after which the monthly sum of depreciation is determined as work of actual monthly volume of products (works, services) and production rate of depreciation. The production rate of depreciation is calculated the division of cost which is amortized, on the general volume of products (works, services), which an enterprise expects to produce (to execute) with the use of object of the fixed assets.

Depreciation of cheap irreversible tangible assets and library funds can be counted in decision of taxpayer in the first month of the use of object in a size 50 percents of his cost which is amortized, and other, 50 percents of cost which is amortized, in the month of their exception from assets (writing is from balance) as a result of disparity the criteria of confession an asset or in the first month of the use of object in a size 100 percents of his cost.

The primitive cost of the fixed assets is increased on the sum of charges, connected with repair and improvement of objects of the fixed assets (modernization, modification, completion, equipmentation, reconstruction), that results in growth of future economic values, primitively expected from the use of objects in a sum, that exceeds 10 percents of the combined book value of all groups of the fixed assets, that depreciations are subject, on beginning of financial tax year with taking of sum of improvement on object of basic mean which repair and improvement is carried out in relation to.

Sum of charges, that connected with repair and improvement of objects of the fixed assets, including leased, in a size which does not exceed 10 percents of the combined book value of all groups of the fixed assets on beginning of financial year, behaves to the charges of that tax period covered, in which such the repair and improvement were carried out.

The sum of exceeding of profits from a sale or other alienation above the book value of separate objects of the fixed assets and immaterial assets joins in the profits of payer of tax, and the sum of exceeding of book value above profits from such sale or other alienation joins in the charges of payer of tax.

The sum of exceeding of profits from a sale or other alienation above a primitive acquisition of the unproductive fixed assets and charges on repair, which are carried out for maintenance of object on-condition, cost, joins in the profits of payer of tax, and the sum of exceeding of primitive cost above profits from such sale or other alienation joins in the charges of payer of tax.

Order of regulation of hopeless and doubtful debt.

Payer of tax - the salesman of commodities, works, services, has a right to decrease the sum of profit of period covered on the cost of the shipped commodities,

executed works, given services, in current or previous tax periods covered in case if the buyer of such commodities, works, services, detains payment of their cost without a concordance with such payer of tax (grant of other kinds indemnification of their cost). Such right arises up on diminishing of sum of profit, if during a period covered there is any of such events:

a) the payer of tax applies in a court with a lawsuit (by a statement) about the penalty of debt from such buyer or about raising action about his bankruptcy or penalty of the property compelled by him;

б) after the giving of salesman a notary accomplishes executive inscription about the penalty of debt from a buyer or penalty of the compelled property (except for a tax debt).

A payer of tax is a salesman, which decreased the sum of profit of period covered on the cost of the shipped commodities, executed works, given services, in accordance with an indention first of this subitem of obligation simultaneously to decrease the sum of charges of this period covered on the prime price of such commodities, works, services.

A payer of tax is a buyer of obligation to decrease expenses on the cost of debt, held by a court or after executive inscription of notary, in a tax period on which a day of set of legal force of decret is about confession (penalty) of such debt (its parts) or feasance of executive inscription a notary.

A payer of tax is a salesman in case if a court is dissatisfied by the lawsuit (statement) of such salesman or satisfies him partly or does not accept a lawsuit (statement) to realization (to consideration) or accepts a claim (statement) of buyer about confession invalid requirements in relation to debt or its part (except for stopping of cramps of realization in business fully or partly, in connection with redemption of debt or its part a buyer after presentation of lawsuit a salesman (statements)) liquidation, obligated to increase:

profit of the proper tax period to the amount of debts (its parts), preliminary attributed them to diminishing of profit;

charges of the proper tax period on the prime price (its part, certain proportionally to the sum of debt, included to the profit in accordance with this subitem) of commodities, works, services which such debt was after, preliminary attributed them to diminishing of charges.

To the amount of additional tax obligations, expected as a result of such increase of profits and charges, a fine, certain from a calculation 120 percents of annual registration rate of the National bank of Ukraine which operated on the day of origin of additional tax obligations, is counted. The noted fine settles accounts for a term from the first day of tax period, which comes after a period, during which diminishing of profit and charges took place to the closing date of tax period, which an increase of profit and charges is on, and paid regardless of value of tax obligation payer of tax for proper period covered. A fine is not counted on a debt (its part), written-off or arranged on the installment system as a result of conclusion of world treaty in accordance with a legislation on questions bankruptcy, beginning from the date of conclusion of such world treaty.

Report about diminishing of profit or charges with reference to the norms of code payer of tax - a salesman or buyer gives the organ of government tax service together with declaration for tax period covered and copies of documents, which confirm the presence of debt (by the agreements of purchase-sale, decreets, and others like that).

If in next tax periods a buyer pays off the sum of the acknowledged debt or its part (independently or on procedure of the forced penalty), such buyer loosens (renews) the holds on the sum of such debt (its parts) on results a tax period which such redemption is on.

At the same time a salesman, which decreased the sum of profit of period covered on the cost of the shipped commodities, executed works, given services, increases profits to the amount of debts (its parts) for such commodities, works, services, liquidated a buyer, and loosens the holds on the prime price (its part, certain proportionally to the sum of the liquidated debt) of these commodities, works, services, on results a tax period which such redemption is on.

The main rate of profit tax is 16%. The tax period is quarter, half year, 3 quarters and year.

When the result of tax object calculation of taxpayer who is a resident is negative at the end of the year then it is included to taxpayer expenses at the first quarter of the next year.

THEME 14 **Individual income tax**

Taxpayers are:

- * Individual – resident, who receives income originated in Ukraine and foreign income;

- * Individual – non-resident, who receives income originated in Ukraine;

- * Tax agent.

Non-resident, who receives income originated in Ukraine and has diplomatic immunity and privileges established by international agreement of Ukraine, concerning revenues, which he receives directly from the diplomatic proceedings or comparable work, is not a taxpayer.

In case of taxpayer's death or his adjudgement by a court as dead or missing, or in case of resident status losing (if he has no tax liabilities as a resident according to Tax Code) the tax for the previous tax period is deducted from his accrued income. Accordingly, the last tax period is the period which ends on the day of taxpayer's death, court's holding or a loss of resident status. In case of accrued income absence tax is not paid.

If an individual - the taxpayer receives taxable income for the first time within the tax period, the first tax period begins on the date of such income receipt.

Resident's taxation object is:

- * Total monthly (annual) taxable income;

- * Income originated in Ukraine, which are ultimately taxed during their charging (payments, assignments);

- * Foreign income - income (profit) received from sources outside of Ukraine.

Non-resident's taxation object is:

- * Total monthly (annual) taxable income originated in Ukraine;

- * Income originated in Ukraine, which are ultimately taxed during their charging (payments, assignments).

Base of taxation is the total taxable income, taking into account peculiarities specified in Tax Code.

Total taxable income – is any income that is taxable and accrued (paid, granted) in favor of the taxpayer during the tax period.

Total annual taxable income is the sum total of monthly taxable income, foreign income received during this reporting fiscal year, income received by an individual - entrepreneur from business activities and income received by an individual who carries out an independent professional activity.

Total monthly (annual) taxable income of the taxpayer includes:

- * Income from wages, accrued (paid) to the taxpayer according to the terms of employment contract;

- * The amount of remuneration and other payments accrued (paid) to the taxpayer according to the terms of civil contract;

- * Income from sale of goods and rights, including intellectual (industrial) property and similar rights, revenues in the form of sums of royalties, other payments for the right to use or disposal of other intangible assets (works of science, art, literature or other intangible assets), objects of intellectual industrial property and similar rights, including rights obtained by the heirs of the owner of intangible asset;

- * Part of income from transactions with property, its size is determined in accordance with positions of Articles 172 - 173 of Tax Code;

- * Income from property leasing, rent or subleasing (at fixed day possession and / or use), determined in order prescribed by paragraph 170.1 of Article 170 of Tax Code;

- * Taxable income (profits), which is not included into the calculation of total taxable income of previous tax periods and independently found in the reporting period by taxpayer or accrued by the state tax service in accordance with Tax Code;

- * Amount of taxpayer's debt according to concluded civil contracts, by which limitation period is expired and which exceeds the amount of 50 percent from monthly subsistence level for able-bodied person on the 1st of January of the reporting fiscal year, except of amounts of tax arrears, by which limitation period has expired; individual independently pays the tax on such income, and notes it in annual tax declaration;

- * Dividend income, prizes, awards, interest (except interest referred to subparagraphs 165.1.2 and 165.1.41, dividends referred to sub-item 165.1.18 of Article 165 of Tax Code, and prizes of state lottery to the extent prescribed in sub-item 165.1.46 Article 165 of Tax Code);

* Investment income of a taxable securities transactions, derivatives and corporate law, issued in other than securities, forms, other than income from operations specified in subparagraphs 165.1.2 and 165.1.40 of Article 165 of Tax Code;

* Income as the value of inherited or received as a gift property, which is taxable according to the Tax Code;

* The amount of excessively spent money received by tax payer for dispatching and for the purpose to be accounted for and not returned to the statutory deadlines, the amount of which is calculated according to paragraph 170.9 of Article 170 of Tax Code;

* Money or property (intangible assets), which taxpayer received as a bribe, stolen or found as treasure, and which were not put to the state under the law, in amounts determined by a court conviction, regardless of intended sentence;

* Income is a positive difference between: the amount of funds received by the taxpayer as a result of his refusal to participate in Construction Financing Fund, and the amount of funds given by the taxpayer to the fund, unless the taxpayer simultaneously transmits received money to fund of construction management in the same a manager in the same or another fund of finance construction, the amount of funds received from other taxable persons as a result of the assignment in favor of their claim under the contract on participation in Construction Financing Fund (including situation when such assignment was made in according to contract of sale), and the amount of funds deposited by taxpayer to the fund under this agreement;

* Income from penalties (fines, penalties), pecuniary or non-pecuniary (moral) damage

Tax credit. Taxpayer is entitled to a tax credit for the consequences of the tax year.

Tax credit includes actually made expenses by the taxpayer during the tax year, which should be confirmed by appropriate payment and settlement documents, including receipts, fiscal or trademarks checks, cash receipt of orders, copies of agreements that identify the seller of goods (works, services) and their buyer (recipient). In these documents the value of such goods (works, services) must be shown and terms of sale (performance); originals of indicated document are not sent to the supervisory authority, but are to be kept by the taxpayer within the period of limitation established by Tax Code.

The list of expenses eligible for inclusion in the tax credit

The taxpayer has the right to include in the tax credit expenses, actually made by him during the tax year, to reduce the taxable income of the taxpayer by the consequences of the tax year determined, taking into account the provisions of paragraph 164.6 of Article 164 of the Tax Code, such as:

part of the interest paid by the taxpayer for the use of mortgage credit, determined in accordance with Article 175 of Tax Code;

amount of money or value of property transferred by the taxpayer in the form of donations or charitable contributions to nonprofit organizations registered in

Ukraine and entered in the register of non-profit organizations and institutions on the date of transfer of such funds and property in an amount not to exceed 4 per cent of its total taxable income per reporting year;

amount of money paid by the taxpayer for educational institutions to offset the cost of obtaining a secondary vocational or higher education of the taxpayer and / or his family members first-degree relatives who did not receive wages. This amount can't exceed the amount of income specified in the first paragraph of subparagraph 169.4.1 of paragraph 169.4 of Article 169 of Tax Code, in the calculation of each individual student, for each full or partial month study during the tax year;

amount of money paid by the taxpayer for the benefit of health care establishments to compensate the cost of paid services for the treatment of the taxpayer or a member of his family first-degree relatives, including the purchase of medicines (donor components, prosthetic and orthopedic devices, medical appointment for individual use of disabled), and the amount of money paid by the taxpayer, duly qualified as disabled for prosthetic and orthopedic companies, rehabilitation facilities to offset the cost paid for rehabilitation services, technical and other means of rehabilitation, provided to the taxpayer or his disabled child in the size of non-overlapping benefit from the funds of obligatory state social health insurance, except:

a) cosmetic treatments or cosmetic surgery, including cosmetic prosthesis, without medical reasons, hydrotherapy and heliotherapy not associated with the treatment of chronic diseases;

b) prosthetics using precious metals, porcelain and electroforming;

c) abortion (except abortions performed for medical reasons, or when the pregnancy was resulted from rape);

d) sex change operations;

d) treatment of sexually transmitted diseases (excluding AIDS and sexually transmitted disease caused by the infection of domestic or rape);

e) treatment of tobacco or alcohol abuse;

e) the purchase of medicines, medical equipment and devices, payment for medical services that are not included in the list of vital approved by the Cabinet of Ministers of Ukraine;

amount of expenses of the taxpayer for the payment of insurance premiums (premiums, insurance premiums) and pension contributions paid by the taxpayer to resident insurer, pension funds, banking institution for long-term contracts of life insurance, private pension, the pension contract with a private pension fund as well as contributions to the pension account in bank on pension contributions and members' bank accounts management as a taxpayer and his family first-degree relatives, not exceeding (calculated for each full or partial month of the tax year during which the contract of insurance was in force);

in case of taxpayer insurance on pension contract with a private pension fund taxpayer's bank or pension account, pension contribution expense fund member bank management or their combination – the amount specified in the first paragraph of subparagraph 169.4.1 of paragraph 169.4 of Article 169 of Tax Code;

insurance of family member of the taxpayer's first-degree relatives on pension contract with a private pension fund, bank or pension account, pension contribution fund bank account management website for a family member or their combination - 50 per cent of mentioned in the first paragraph of subparagraph 169.4.1 of paragraph 169.4 of Article 169 of Tax Code, per each insured family member;

amount of costs of the taxpayer for:

payment for assisted reproductive technologies under the conditions laid down by law, but not more than the amount equal to one-third of income as wages for the reporting fiscal year;

payment of public services related to adoption of the child, including the payment of the fee;

amount of money paid by the taxpayer in connection with the refurbishment of the vehicle owned by a taxable person, with the use of a mixed motor fuels, bioethanol, biodiesel, compressed or liquefied gas and other biofuels;

taxpayer's expenditures for payment of construction of affordable housing, defined by law, including the repayment of preferential mortgage loan provided for such purposes and interests.

Tax rate is 15 percent on taxable income accrued (paid, granted) (except cases specified in paragraphs 167.2 - 167.5 of the Tax Code), including, but not exclusively in the form of salary and other incentive compensation payments or other payments and fees accrued (paid, delivered) by the taxpayer in connection with labor relations and in civil contracts, gains in public and private money lottery winning player (member) received from the organizer of gambling.

If the tax base, which is determined from the norms of paragraph 164.6 of Article 164 in respect of income referred to the first subparagraph of mentioned paragraph in a calendar month exceeds tenfold the minimum wage prescribed by law on January the 1st of the tax year, the amount of the excess is taxed at the rate of 17 percent.

Tax social benefit (TSB) is applied to income derived by the taxpayer as wages for tax reporting month, if its size is less than the monthly subsistence level for able-bodied persons established on January the 1st of the tax year, multiplied by 1.4 and rounded to next 10 UAH. (e.g., in 2013 – $1147 * 1.4 = 1610.00$ UAH).

Taxpayer is entitled to a deduction from total monthly taxable income derived from one employer in the form of wages, in the amount of tax benefits:

in an amount equaled to 100 percent of the minimum subsistence level for able-bodied persons (per month), established by law on January the 1st of the tax year – for any taxpayer;

in an amount equaled to 100 percent of the benefits referred to in subparagraph 169.1.1 - for a taxpayer who holds two or more children under 18 years - per each child;

in an amount equaled to 150 percent of the benefits referred to in subparagraph 169.1.1 – for a taxpayer who:

a) is a lonely mother (father), widow (widower) or guardian, trustee - per each child under 18 years;

- b) holds a disabled child – per each child up to 18 years;
 - c) is a person ascribed to the first or second categories of persons affected by the Chernobyl disaster, including those awarded by diplomas of the Presidium of the Supreme Soviet of the USSR in connection with their participation in the aftermath of the Chernobyl disaster;
 - d) is a pupil, student, graduate student, intern, assistant professor;
 - e) is invalid of I or II group, including children, except of disabled persons, who defined benefit by subparagraph " b" of paragraph 169.1.4;
 - f) a person who was awarded a lifetime stipend as a citizen, who had been prosecuted for human rights activities, including journalists;
 - g) a member of the fighting in other countries in the period after World War II, who is subject to the Law of Ukraine "On Status of War Veterans and Guarantees of their Social Security", in addition to the persons specified in subparagraph "b" of paragraph 169.1.4;
- in an amount equaled to 200 percent of the benefits referred to in subparagraph 169.1.1 – for a taxpayer who is:
- a) the Hero of Ukraine, Hero of the Soviet Union, Hero of Socialist Labor , or full or Knight of Glory Order of Labor Glory, those awarded four or more medals "For Courage";
 - b) combatants during the Second World War, or a person who was working in the rear at the time, and disabled groups I and II, with the number of combatants in other countries in the aftermath of World War II, covered by the Law of Ukraine "On the Status of war Veterans and Guarantees of their Social Security";
 - c) former prisoners of concentration camps, ghettos and other places of detention during the Second World War or the person recognized repressed or rehabilitated;
 - d) a person who was forcibly removed from the territory of the former Soviet Union during the Second World War in countries that were at war with the former Soviet Union or were occupied by Nazi Germany and its allies;
 - e) a person who was at the siege of the former Leningrad (St. Petersburg, Russia) from September 8, 1941 to January 27, 1944.

THEME 15

Payment for earth

The payers of tax are proprietors of lot lands, landed stakes (shares); land users.

Objects of taxation are: lot of lands which are in a property or use; landed stakes (shares) which are in a property. ***The base of taxation is:*** a normative money estimation of lot lands is taking into account the coefficient of indexation, certain in accordance with an order, set this section; area of lot lands the normative money estimation of which is not conducted.

Paying for earth includes land-tax and rent.

On the having a special purpose setting earths of Ukraine are distributed on nine categories:

1. Earths of the agricultural setting – this earth is given for the production of agricultural goods, and also agricultural research works and educational activity, with placing of the proper production infrastructure.

2. Earths of housing and public building – lot lands within the limits of settlements, in-use for placing of housing building of public houses and buildings, other objects of the public use, belong to them.

3. Earth of nature study and other nature protection setting are the areas of dry land and water space with natural complexes and objects which have the special nature protection, ecological, scientific, aesthetically beautiful, recreation and other value.

4. Earths of the health setting are earths that the natural have medical property, which are used or can be used for the prophylaxis of diseases and treatment of people;

5. Earths of the recreating setting – earths, which are used for organizations of rest of population, tourism and lead through of sporting measures, behave to them;

6. Earths of the history-cultural setting are earths on which located: history-cultural preserves, museums-preserves, memorial parks and cemeteries, historical farmsteads, memorable places, related to the historical events; sites of ancient settlement, burial mounds, ancient burial places, monuments, sculptures, rock images, tailings of fortresses, ancient settlements, etc.; architectural bands and complexes, historical centers, quarters, garden-park complexes.

7. Earths of forest fund are earths, covered a sylva, and also not covered a sylva, which give and use for the necessities of forestry. Earths, busy, do not behave to them: green planting within the limits of settlements, not subsumed the forests; by the forest-protection forest bells of taking of railways, protective planting on the bars of taking of highways, hydrotechnical buildings and water objects.

8. Earths of water fund. To them earths belong busy: by seas, rivers, lakes, reservoirs, other water objects, bogs, and also islands; by off-shore defences zonal along Maureies, rivers, round reservoirs; hydraulic engineering and other economic buildings, ducting, and also earths, selected under the bars of taking for them; by the waterside bars of mountain ways.

9. Earths of industry, transport, connection, energy, defensive and other setting, are earths, given in the set order enterprises, establishments, organizations, for realization of the proper activity.

Rate of tax on earth – it the annual size of pay is legislatively set.

The rates of tax are set:

1. In % to the money estimation of unit of area of earth (Hectare, m²) – used in the cases when the money estimation of earth is conducted.

in the fixed size (copecks, for unit of area of earth).

2. The money estimation of earth is increased annually on the coefficient of indexation.

The coefficient of indexation (K_i) settles accounts after a formula

$$K_i = (I - 10) \times 100 \quad (8)$$

where I is an average annual index of inflation of year as a result of which conduct indexation.

If $K_i < 1$, indexation of money estimation is not carried out.

For earths of the agricultural setting, wherever they were, set rates of tax in percents to the money estimation a 1 hectare of earth:

- for plough-land, haymaking and pastures – 0,1%;
- for the long-term planting – 0,03%.

The rate of tax for lot lands the normative money estimation of which is conducted is set in size of a 1 percent from their normative money estimation.

The rates of tax for lot lands the normative money estimation of which is not conducted are set in such sizes:

Groups of settlements are with the quantity of population, thousand of persons	Rates of tax, UAH, per 1 sq. meter	Coefficient, which is used in cities Kyiv, Simferopol, Sevastopol and cities of regional value
to 3	0,24	
from 3 to 10	0,48	
From 10 to 20	0,77	
From 20 to 50	1,2	1,2
From 50 to 100	1,44	1,4
From 100 to 250	1,68	1,6
From 250 to 500	1,92	2,0
From 500 to 1000	2,4	2,5
from 1000 and more	3,36	3,0

In settlements, Ministers of Ukraine taken Cabinet to the resort, to the aforementioned rates of tax such coefficients are used:

- on the South coast of Autonomous Republic Crimea - 3;
- on the south-east coast of Autonomous Republic Crimea - 2,5;
- on the bank of the west of Autonomous Republic Crimea - 2,2;
- on the black Sea coast of the Mykolaiv, Odesa and Kherson areas - 2;
- in the mountain and foot-hill districts of the Zakarpattya, Lviv, Ivano-Frankivsk and Tchernivtsi areas - 2,3, except for settlements which in accordance with a legislation are subsumed mountain;
- on the coast of sea of Azov and in other resort localities - 1,5.

Coefficients to the sum of land-tax depending on a kind and setting of lot land

№	Types of lot lands	Coefficients
1	Areas, busy at a housing fund, by co-operative parking places for storage of the personal transport vehicles of citizens, garage-build, by summer residence -build cooperative stores, individual garages and summer residences of citizens, areas, given for the necessities of agricultural production, water and forest economy, are busy at production, cultural and welfare and economic houses and buildings	0,03
2	Areas are on territories and objects of the nature protection, health and recreating setting, busy at production, cultural and welfare, economic houses and buildings which are unconnected with the functional setting of these objects	5,0
3	Areas, busy at production, cultural and welfare, economic houses and buildings, located on territories and objects history-cultural settings, unconnected with the functional setting of these objects: - international value; - local value; - national value	7,5 3,75 1,5
4	Part of areas of lot lands, given enterprises, establishments and organizations (except for agricultural lands) which exceed the norms of taking	5,0
5	Areas, given for the soldiery formings, created in accordance with the laws of Ukraine, except for Military Powers of Ukraine and Government boundary service of Ukraine, railways, mining enterprises, and also for reservoirs, grant for the production of fish goods	0,25

Sum of land-tax (payment for earth) settle accounts depending on the type of rates:

- a) if a rate is used in percents to the money estimation of earth:

$$\Pi_3 = D_3 \times U \times C_n, \quad (9)$$

where Π_3 – sum of land-tax;

D_3 – area of lot land;

U – a money estimation of unit of plottage is taking into account indexation;

C_n – rate of land-tax % to the money estimation of earth;

- b) if a money estimation absents and a rate is used in the fixed size:

$$\Pi_3 = D_3 \times C_n, \quad (10)$$

where C_n – a rate of tax is in the fixed size on unit of plottage earth.

Privileges on land-tax for legal entities

№	Taxpayers
1	preserves, including history-cultural, national natural parks, preserve (except for huntings), parks of public and communal domain, regional landscape parks, botanical gardens, dendrology and zoological parks, reminder nature, protected natural boundaries and parks- reminder of garden and park art
2	experimental economies of research establishments and educational establishments of agricultural type and vocational schools;
3	public authorities and organs of local self-government, organs of office of public prosecutor, establishments, establishments and organizations, specialized sanatoriums of Ukraine, for a rehabilitation, treatment and making healthy of patients, soldiery formings, formed in accordance with the laws of Ukraine, Military Powers of Ukraine and Government boundary service of Ukraine, which are fully contained due to a money state or local budgets;
4	child's sanatorium-resort and health establishments of Ukraine regardless of their subordination, including child's sanatorium-resort and health establishments of Ukraine, which are on balance of enterprises, establishments and organizations;
5	religious organizations of Ukraine, regulations (position) of which are incorporated in the order set a law, for lot lands, given for building and maintenance of cult and other buildings, necessary for providing of their activity, and also eleemosynary organizations, created in accordance with a law, activity of which is not foreseen by the receipt of incomes;
6	sanatorium-resort and health establishments of public organizations of invalids, rehabilitation establishments of public organizations of invalids;
7	public organizations of invalids of Ukraine, enterprise, and organizations which are founded public organizations of invalids and unions of public organizations of invalids and is them by a complete property, where during a previous calendar month amount of invalids which have basic job there, makes no less as 50 percents of middle account quantity of regular workers of registration composition on condition that the fund of payment of labour of such invalids makes during a period covered no less as 25 percents of sum of general charges on payment of labour.
8	preschool and general educational establishments regardless of patterns of ownership and sourcings, establishments of culture, science, education, guard of health, social protection, physical culture and sport, which are fully contained due to a money state or local budgets;
9	enterprises, establishments, organizations, public organizations, athletic-sporting to the orientation
10	on the period of action of the fixed agricultural tax proprietors of lot lands, landed stakes (shares), and land users are on condition of transmission of lot lands and landed stakes (shares) in a lease the payer of the fixed agricultural tax;

№	Taxpayers
11	accrued farms during three years, and in labour in sufficient settlements - during five years since a transmission them of lot land in a property.

Also there is a row of earths for the use which a pay is not tightened.

Earths, exempt from taxation

№	Does not tighten a pay after
1	agricultural lands of areas of radio-active muddy territories, certain in accordance with a law such, which tested a radio contaminant as a result of the Chernobyl disaster (areas of alienation, absolute (obligate) settling out, assured voluntarily settling out and increased radio ecological control), and chemically muddy agricultural lands on which limitation is inculcated in relation to the conduct of agriculture
2	earths of agricultural lands which are in the temporal canning or in the stage of the agricultural mastering
3	lot lands of the state seed-trial stations and seed-trial areas which are used for the test of sorts of agricultural cultures
4	earths of travelling economy of highways of the general use are earths under travel part, side of a road, earthen linen, decorative planting of greenery, backlogs, cuvettes, bridges, artificial buildings, tunnels, transport ways, water admission buildings.
5	lot lands of agricultural enterprises of all patterns of ownership and (peasant) farms, busy at young gardens, berry patches and vineyards, to entering of them into the pore of fruiting, and also hybrid planting, gene pool collections and nurseries of the long-term fruit planting
6	lot lands of cemeteries, crematoria and columbaria

A base tax (current) period for paying for earth is a calendar year.

The payers of paying for earth(except for physical persons) independently calculate the sum of tax annually by the state on January, 1 and not later than February , 20 of current year give the proper organ of government tax service after the location of lot land a tax return on a current year. The payer of paying for earth has a right to give a new current tax return, which releases him from obligation of presentation of tax return not later than February, 20 of current year, monthly, during 20 calendar days of month which comes after current. After new prepared lot lands or after the new signed contracts of tenancy of earth the payer of paying for earth gives a tax return during 20 calendar days of month which comes after current. Tax obligation in relation to paying for earth paid equal stakes by proprietors and land users of lot lands after the location of lot land for tax period which equals a calendar month, monthly during 30 calendar days which come after the closing calendar date of tax (current) month.

THEME 16
Fees for the use of subsoil and natural resources

Fee for use of subsoil is a national payment that is collected in the form of:

- fees for the use of subsoil for mining of mineral resources;
- fees for subsoil use for purposes not related to the extraction of minerals.

The taxpayers of fee for use of subsoil for mining of mineral resources are business entities, including citizens of Ukraine, foreigners and stateless persons registered according to legislation as entrepreneurs who have acquired the right to use the object (area) of subsoil on the basis of obtained special permits for use of subsoil (hereinafter - special permit) within specific areas of subsoil to business of mining, including geological exploration (or geological studies, followed by research and industrial development) within the limits specified in the following special resolutions of subsoil objects (parts).

When holders of special permits for subsoil use make contracts with third parties for works (services) related to the use of subsoil, including (but not exclusively) operations with customer's raw materials, *payers of the fee for use of subsoil* are owners of such special permits for subsoil use.

The object of taxation of the fee for use of subsoil for mineral resources mining in each area provided for the use of subsoil, which is defined in the relevant special permit, is the amount of minerals produced in the tax (reporting) period or the amount of mineral resources repaid in the tax (reporting) period.

Object to taxation include:

a) The amount of minerals, extracted from the subsoil on the territory of Ukraine, its continental shelf and exclusive (maritime) economic zone, including the amount of minerals formed as a result of primary processing, which is made by subjects other than taxpayer under commercial contracts with the use of customer's raw materials;

b) the amount of minerals, extracted (removed) from waste (losses) of mining production, including the amount of minerals that are formed as a result of primary processing, which is made by other than taxable entities for terms of economic agreements on services tolling, if it is necessary to obtain a special permit for production in accordance with the legislation;

c) the amount of mineral reserves repaid.

Object to taxation does not include:

a) local minerals and peat extracted by landowners and land users for their own consumption and are not included into the state balance of mineral resources, if their use does not involve a transfer of economic benefits or without transfer of ownership for them, total depth development is not more than two meters, and fresh groundwater to 20 meters;

b) extracted (collected) mineralogical, paleontological and geological collections samples if their use does not provide economic benefits with or without transfer of ownership for them;

c) minerals extracted from the bowels during creation, use or reconstruction of geological objects of natural reserve fund, if the use of these minerals does not provide economic benefits with or without transfer of ownership for them;

d) drainage and accompanying bedded groundwater, which is not included into the state balance of mineral resources, extracted during the development of mineral deposits and construction or operation of underground structures and the use of which does not involve a transfer of economic benefits with or without transfer ownership for them, including the use of technology for their own needs, with the exception of that used for their technological needs associated with mining operations;

e) extracted minerals directed to form mineral reserves of technological fields, without acquiring and / or maintaining by taxpayer property rights for such minerals according to legislation of mineral resources technological development project from relevant subsoil;

f) the amount of natural gas, which is recognized to be recirculated in accordance with Section I, which is determined by the taxpayer in terms of measuring devices listed in the register of extracted mineral resources with keeping of requirements self-approved by taxpayer in accordance with the license terms of traffic patterns extracted hydrocarbons at the production stations and storage locations on the basis of raw materials, specific production conditions, and characteristics of the process;

g) the amount of mineral waters extracted by state specialized pediatric health-resort institutions in terms of volumes used for the treatment on their territory;

h) quantities of minerals development of which is stopped in the reporting (tax) period in security and barrier pillars (between mines), including pillars destination, according to technical projects (plans) submitted and approved in accordance with legislation to prevent the collapse of earth's surface, water breakthrough in the mine workings and surface or underground storage facilities.

Types of extracted minerals are determined by the taxpayer in accordance with the approved law lists of minerals and codification of goods and services based on approved by taxpayer traffic patterns of extracted minerals in the manufacturing districts and places of storage including raw materials, specific production conditions, characteristics of the process and requirements for the final product.

Types of repaid mineral reserves are determined by taxpayer based on the conclusions of public examination of mineral resources of relevant subsoil, that is made no earlier than ten years before the date of cancellation of mineral resources from the balance of the mining company.

The tax base is the value of minerals extracted in tax (reporting) period, which is calculated separately for each type of minerals and for each subsoil on the basic conditions of supply (of the finished products of the mining company).

THEME 17

Fee for the special use of water

Taxpayers are water users – entities regardless of ownership: legal entities, their subsidiaries, branches, representative offices and other separate units without legal entity (other than public sector entities), permanent representatives of non-residents as well as individual entrepreneurs, who use water produced by water collecting from water objects (primary water users) and / or from primary or other water users (secondary water users) and use water for the needs of hydropower, water transport and fisheries.

The fee is not paid by water users, who use water only for satisfaction of drinking and sanitary and hygienic needs of population (population, who are in the area at any given time, regardless of the nature and duration of residence within their housing and gardens), including satisfaction of legal entities, individual entrepreneurs and unitary tax taxpayers own drinking and sanitary and hygienic needs.

The object of tax for fee for the special use of water without it's removing from water objects are:

- for the purposes of hydropower – the actual amount of water that passes through hydroelectric turbines to generate electricity;
- for the purposes of water transport – time of water surface using by self-propelled and non-propelled truck fleet operated (depending on displacement ton) and passenger fleet operated (depending on the number of seats).

The object of tax for fee for the special use of water for the purposes of fish farming is the actual amount of water needed to replenish the groundwater during breeding fish and other aquatic resources (including replenishment, which is associated with loss of water for filtration and evaporation).

Fee is not collected for:

- water, used only for satisfaction of drinking and sanitary and hygienic needs of population (population, who are in the area at any given time, regardless of the nature and duration of residence within their housing and gardens), including satisfaction of legal entities, individual entrepreneurs and unitary tax taxpayers own drinking and sanitary and hygienic needs;
- water used for fire-prevention purposes;
- water used for landscaping purposes outside of cities and other human settlements;
- water used for slack damping down in mines and quarries;
- water that is taken by research institutions, list of which is approved by the Cabinet of Ministers of Ukraine, for conducting research in the area of rice cultivation and production of elite seeds of rice;
- for water that is lost in transmission and inter-farm irrigation channels and major water supply systems;
- underground water, that is withdrawn from the interior to eliminate the harmful effects of water (flooding, salinization, waterlogging, displacement,

pollution, etc.), except of mining, mine and drainage water and water used in economic activity after extraction and / or obtained for use other users;

- water, which is taken to ensure production of young commercial species of fish and other aquatic resources in water objects;
- sea water, except water from the estuaries;
- water, used by gardening and horticulture entities (cooperatives);
- water, which is taken for rehabilitation, treatment and recovery facilities for disabled and handicapped children, enterprises, institutions and organizations of physical education and sport for disabled and handicapped children, which are established by All-Ukrainian public organizations of disabled according to the legislation.

Fee for the special use of water for hydropower needs is not collected from pumped storage power stations, which operate in conjunction with hydropower.

Fee for the special use of water for the needs of water transport is not collected from:

- the Sea waterway transport, which uses river waterway only for transportation from the sea into the port, located in the lower reaches of the river, without the use of special measures to ensure navigation (lenience of water from reservoirs and locking);

- while operating the waterways parking (pumping stations, water petroleum storage depot, landings, while floating, boat with mechanical equipment and other vessel) and auxiliary vessels and operating waterway river Danube.

Fee rate is determined in accordance with Paragraph 325 of the Tax Code, depending on the type of water source.

The base tax (reporting) period for collection is a calendar quarter.

Taxpayers calculate the amount of the fee cumulative from the beginning of the year and make tax declaration in the form prescribed by the Tax Code.

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з дисципліни

«ОПОДАТКУВАННЯ ПІДПРИЄМСТВ»

(англійською мовою)

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